

NEWS SUMMARY

GENERAL

Iran is open to move on hostages

Algerian intermediaries can seek alternative guarantees from the U.S. for the release of the 52 American hostages, Iran said yesterday.

Comments by Mr. Behzad Nabavi, head of the Iranian team negotiating the hostages' fate, indicated there was still room to talk.

Iran said a \$240m guarantee for their release was its final demand.

If the U.S. can suggest another proposal which ensures a guarantee acceptable to the Algerian Government, it is acceptable to us, said Mr. Nabavi. Back Page

**Uster murder**  
A prison officer was shot dead in Belfast, and a second was wounded in a separate attack minutes later. In both cases gunmen were lying in wait, and knew their victims' homes and time and route to work.

**Gunmen cornered**  
Three members of a five-man armed gang were last night cornered in a Dublin pub after shooting and wounding two unarmed detectives in a car chase after a bank raid.

**Killer bomb**  
Jose Martin Sagardia Zaldia, 50, suspected leader of the military wing of ETA, the Basque separatist organisation, died instantly in a car bomb explosion in Biarritz. Page 2

**Couple shot**  
A Lincolnshire couple—Herbert Coppinger, 64, and his wife Edna, 54—were shot and seriously wounded when they resisted a robbery attempt in Bangkok. Police said.

**FT editor**  
Mr. M. H. "Freddy" Fisher leaves the Financial Times today after eight years as editor and 23 years on the paper. He is to start a new career—as a banker with a senior post at S. G. Warburg. Page 5

**President goes**  
President Senegor of Senegal, intellectual and poet, retires after 20 years. His successor is Abdou Diour, Premier for the past 10 years. Page 3

**Not automatic**  
Borrowers from several building societies will not have their monthly mortgage repayments reduced automatically from tomorrow although the recommended rate falls to 14 per cent. Page 1

**Drinks tax call**  
A report on drinks sales concludes that the Government needs to develop a strong taxation policy on alcoholic drinks if it really wants to cut consumption. Page 4

**Yuletide blaze**  
The film *Towering Inferno* topped Christmas TV viewing figures with an audience of 27m for BBC1 on Boxing Day, says the BBC, which claims 84 per cent of viewers tuned in to BBC channels.

**Briefly**  
Opposition leader Michael Foot leaves hospital today after treatment for an eye infection. Old painting hung almost unnoticed in Huntingdon Town Hall for 25 years may be a Gainsborough worth £100,000. Royal National Lifeboat Institution lifeboatmen saved 1,127 lives this year.

**Happy New Year**  
The Financial Times wishes all readers a happy and prosperous New Year. In common with other national newspapers the FT will not be published tomorrow.

BUSINESS

Sugar off £25; Golds down 33.2

**SUGAR:** The London daily raw sugar price was fixed £25 down at £280 a tonne. The

**EQUITIES:** The FT 30-share index gained 2.6 to 472.6, but the Gold Mines index fell 33.2 to 408.1 as shares followed the bullion price down. Page 20

**GILTS:** The Government Securities index closed 0.06 down at 88.69. Page 20

**WALL STREET** was up 2.32 near the close at 963.40. Page 18

**STERLING** closed 2.55 cents higher at \$2.3915. Its trade-weighted index was 78.6 (77.9). Page 15

**DOLLAR** closed at ¥203 (¥206.60) and DM 1.9525 (DM 1.9575). Its trade-weighted index was 55.9 (56.5). Page 15

**GOLD** closed \$6 lower at \$366.50. Page 15

**SPANISH** Cabinet and the Basque autonomous Government approved an agreement allowing the Basques to raise their own taxes. Back Page

**BRITISH PRINTING** Industries Federation report said most of its officers should resign because of the organisation's disastrous financial difficulties. Back Page and Page 5

**CORNHILL CONSOLIDATED** Group, which collapsed at the start of the 1975-76 secondary banking crisis, was "no more than a huge speculation with borrowed money." Trade Department inspectors said. Page 4

**BRITANNY FERRIES'** UK general manager resigned after a boardroom dispute. Back Page

**NORTH SEA** gas gathering system planned to cost £1.1bn is now expected to cost about £2bn. Back Page

**PORT CHARGES** at most major British ports will rise by an average 15 per cent from tomorrow. Page 4

**AIRPORTS** run by local authorities should make an operating surplus of over £13m this financial year, up from £9.5m in 1979-80. Page 5

**LABOUR**  
**BL UNION LEADERS** said any alternative labour, used to restart production on the strike, would be blacklegging. Back Page; Editorial comment, Page 12

**SEAMEN'S** leaders in three major ports joined calls for a national strike over pay. Page 6

**COMPANIES**  
**GAF Corporation** of the U.S., a diversified chemicals manufacturer, announced a restructuring programme involving the sale of nearly half its businesses. Page 16

**JOHNSON AND BARNES**, clothing manufacturer, said first half losses before tax were £229,569 (£70,745). Page 14

Supplementary budget clash looms larger in Common Market

BY OUR FOREIGN STAFF

THE THREAT of a major constitutional clash in the European Community loomed larger yesterday as West Germany threw its full weight behind France in the dispute with the European Parliament over supplements to the Common Market budget.

With Greece joining the EEC tomorrow, and a new Commission due to take over in Brussels next week, the Community enters the New Year in a state of uncertainty and confusion.

Britain, Italy and Ireland have sided with the Parliament in its confrontation with the other member Governments.

British officials confirmed yesterday that in the UK view the Parliament had acted legally in increasing Community spending commitments in both 1980 and 1981, despite French opposition in the inter-Governmental Council of Ministers.

If France, West Germany and other countries implement their threat to withhold part of their contributions to the supplements, the Commission will almost certainly be forced to take them to the Community's court in Luxembourg, triggering a potentially serious

power struggle between the three main institutions, the Council, the Commission and the Parliament.

In Brussels, Commission officials confirmed that France, West Germany, Belgium and Denmark had said they would contribute only toward the 100m European Unit of Account supplementary budget for 1980 approved by the Council to aid victims of the Italian earthquake.

This leaves uncertain the future of a further 200m Eua supplement added earlier this month by the Parliament without the blessing of the Council.

In deciding to take a hard line, the Bonn Government is introducing a further argument into the already complex legal wrangle.

Bonn claims that the additional sum called for by Parliament, mainly for social measures, is not "extraordinary and unavoidable" expenditure, and therefore is not eligible for a supplementary budget under EEC rules.

But beyond this main argument, the Germans also believe that the Commission is in any case no longer able to disburse more than 140m further units of account for 1980.

The further question thus arises whether a supplementary budget exceeding 140m can be deemed legal, even if the objectors among the EEC states grudgingly agreed to pay more than 100m.

Bonn feels that if the problem finally goes to the European Court, as is considered likely, there could be at least four possible outcomes.

The court could declare the procedure used in the budget decision process to have been faulty, taking the matter back to Square One. It could support the Parliament's demand for 386m as the Council's 100m, or the upper limit for disbursement of 140m.

Bonn does not intend to call on the court for a decision, and understands that France does not plan to do so either, so the ball appears to lie in the Commission's court.

So far West Germany, compared with France at least, has been adopting a low public profile in the dispute. But it shares the astonishment of the French Government that Mme Simone Weil, President of the European Parliament and a former French Cabinet Minister, should have formally decided to imple-

Continued on Back Page

Transatlantic routes for independent airlines

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

New transatlantic air routes for UK independent airlines have been approved by Mr. John Nott, Secretary for Trade.

Laker Airways has been confirmed on the Manchester-New York and Gatwick-Tampa (Florida) routes; British Caledonian gets the go-ahead for Gatwick-San Juan (Puerto Rico); and British Midland can fly from Birmingham and Belfast to New York.

Precise starting dates for all these routes have yet to be announced, but they are expected to come into operation sometime after April 1.

The routes had already been awarded to the independent airlines by the Civil Aviation Authority, but

British Airways appealed to the Secretary for Trade against the decisions.

The independent sector has not got things all its own way. Laker Airways also sought rights on the route from Gatwick to Baltimore and Detroit, and from Prestwick to New York.

But Mr. Nott ruled against those routes. He argues that Baltimore is a special case, and that both Detroit and Prestwick-New York are "single destination" routes under the Anglo-American air agreement (which means they can be served only by one airline from each country).

Mr. Nott feels it would not be in the UK's interests at this stage to insist on a re-

negotiation to make these routes "dual designation"—that is, capable of being served by two airlines from each country.

Another transatlantic route application by Laker, from both Manchester and Prestwick to Tampa (Florida), is to be re-heard by the Civil Aviation Authority on Mr. Nott's instruction.

The new routes confirmed by Mr. Nott are already covered by the provision of the Anglo-U.S. air agreement, and there should be no difficulty in getting reciprocal approvals from the U.S. Civil Aeronautics Board in the next few months.

Airports operating surplus. Page 5

£ jumps 2.5 cents as \$ weakens

By Peter Riddell, Economics Correspondent

STERLING rose sharply yesterday against the dollar, reaching \$2.40 at one stage, and closing at its highest level for six weeks.

Trading was, however, reported to be generally thin although there were reports of Saudi Arabian buying as well as the usual end-of-year closing of books.

The strength of sterling in part reflected the weakness of the dollar, which slipped back in response to the decline in

U.S. interest rates. However, some domestic U.S. rates did rise towards the close yesterday.

The pound was particularly strong during the afternoon, rising more than 3 cents to \$2.40 before closing 2.55 cents up at \$2.3915. This represents a rise of roughly 6 cents since the low point of mid-December.

Sterling was also generally firm against the main Continental currencies. The trade-weighted index, measuring the average value of the pound against a basket of other currencies, rose 0.7 points to 78.6, for an appreciation of nearly 12 per cent during 1980.

The pound has been particularly strong over the last year against the currencies in the European Monetary System, such as the Deutschmark, in part reflecting the contrasting performances on the current account of the balance of payments.

During 1980, sterling rose by 21½ per cent against the DM compared with a 7½ per cent rise against the dollar. The result has been that the profit margins of British exporters to the EEC have come under increasing pressure.

The dollar fell back against most other currencies, but was particularly weak against the Japanese yen, closing at ¥203 after a low of ¥201.80 compared with a previous London close of ¥206.60. The U.S. currency slipped to DM 1.954, compared with DM 1.951 on Tuesday evening.

Money Markets Page 15  
Lex Back Page

NEW YEAR MESSAGE FROM THE CHANCELLOR...

Signs of success in the battle to beat inflation

1980 has been a difficult year for much of industry—faced with the effects of world recession, high interest rates and a currency strengthened by our new status as oil producers.

It has been hard too for the growing number of people who have lost their jobs.

Although very serious problems undoubtedly remain, I believe that 1981 should see British industry more than holding its own in a difficult world.

We have already seen some very positive progress in the past 12 months. The primary aim of the Government's economic policy is to defeat inflation. There can be no doubt that that priority is right. And there are now clear signs of success. The rate of inflation has been falling continuously since it peaked last May. Prices have risen by less than one per cent in each of the last seven months and some forecasters expect a single-figure annual rate before the end of 1981. Meanwhile, wage expectations are becoming much more realistic, and settle-

the end of November. The revenue increases which I forecasted at that time underline the Government's determination to control the public sector borrowing requirement next year and so make possible some further lowering of interest rates. The burden of adjustment at present falling on industry must be eased as far as possible. That is the purpose, for example, of the new arrangements for stock relief, which will be implemented in the Budget.

People are naturally impatient for further action by Government to ease the path ahead. So far as we can take action—for example by constructive changes in the tax system, by further reductions in administrative burden or by improving opportunities for private capital and new business—we shall. But it would be foolish to assume that there is any general relief that Government can bring.

The best service which we can make is to maintain our commitment to fiscal prudence—and so to the fight against inflation. And that we shall do.

I believe we may now be drawing close to the low point of the recession. Once domestic inflationary pressures have been contained, economic growth can be resumed and sustained.

But we should not pretend this will be easy. UK businesses will remain under intense pressure to reduce their costs if they are to compete effectively. This makes it all the more important that everyone working in industry should be ready to face up to the difficult changes still needed. It is absolutely vital that realistic attitudes to pay and productivity should continue to spread.

So too, must a tough-minded and critical approach to management attitudes that are out of date.

Only if we face up to change will we be able to maintain living standards and in the long run to reduce unemployment.

1981 will not be an easy year. We shall all need determination to stick to our objectives. I am encouraged to believe that the necessary understanding and will is spreading.

£ in New York  
Dec. 29 previous  
Spot \$2.3665-2.3685 \$2.3760-2.3810  
1 month 0.9511-0.9511 1.2014-1.2014 pm  
2 months 2.0022-2.0022 1.8021-1.8021 pm  
12 months 2.5027-2.5027 2.0027-2.0027 pm

Exporters dominate honours list

BY RICHARD EVANS, LOBBY EDITOR

MR. MAXWELL JOSEPH, chairman of Grand Metropolitan, and Sir Henry Benson, former partner of Coopers and Lybrand, are among senior businessmen and industrialists honoured in the New Year Honours' List published today.

Mr. Joseph, the driving force behind the growth of Grand Metropolitan, becomes a knight in a list that again emphasises export achievements.

Sir Henry Benson is created a life peer. He is an advisor to the Governor of the Bank of England and chaired the Royal Commission on legal services which reported last year. He has been a link between the City, industry and the Government.

The other life peer in the list is Sir Michael Swann, former chairman of the BBC and now Provost of Oriel College, Oxford. He campaigned vigorously for alternative ways of raising revenue for the BBC, and attacked Government attempts last year to reduce funds for the overseas service.

Among the other knights are Mr. Thomas Gore Browne, senior Government broker since 1973 and a partner of Mullens

and Co. since 1949. He has been the channel through which Government stock has been sold on the market.

Knighthoods, specifically for export services, are awarded to Mr. George Jefferson, former chairman and chief executive of the dynamics group of British Aerospace and now chairman of British Telecom; Mr. Patrick Meaney, managing director and chief executive of Thomas Tilling; and Mr. Philip Foreman, managing director of Short Brothers, the Northern Ireland aircraft manufacturers.

In all there are 18 awards for exporters, marginally less than in the Birthday Honours, but about average for recent lists.

Other knighthoods go to Mr. Ross Wainman, who will shortly retire as chairman of British Airways after a lifetime in the aircraft industry; Mr. Reginald Smith, chairman of George Wimpey, the construction company; and Mr. Robin Day, the television political commentator.

There will be no by-elections caused by the list, although a number of MPs feature prominently. Mr. James Scott-Hopkins,

now leader of the European Democrats (Conservatives), in the European Parliament; Mr. John Anthony Kershaw, Conservative MP for Stroud, and Mr. Julian Ridsdale, Conservative MP for Harwich, all become knights. So does Mr. Trevor Jones, the Liverpool Liberal who led his party's revival on Merseyside.

One of the new Privy Counsellors is Mr. Nigel Lawson, financial secretary to the Treasury and one of the most vocal monetarists in the Government. The other is Lord Denham, Government chief whip in the Lords.

The CBE is awarded to Mr. David Andrews, executive vice-chairman of BL, and Mr. Patrick Cusick, group finance director of Guest, Keen and Nettlefolds, for services to export, and to Mr. John Coates, consultant to the CBI, and Mr. Geoffrey Drain, general secretary of the National and Local Government Officers' Association and former chairman of the TUC.

The arts are well represented. Continued on Back Page  
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## EUROPEAN NEWS

## Terrorism is down but not out in Italy

BY JAMES BUXTON IN ROME

THE ITALIAN Government and its anti-terrorist forces can revel for the moment in the success of Monday's dramatic commando operation against terrorists holding 18 hostages inside the Trani top security prison. The first action by specially formed groups of the Carabinieri and the police, using some methods and equipment of the British SAS represents a heavy blow to the resurgence of the left-wing Red Brigades.

However, the Red Brigades still hold Sig. Giovanni D'Urso, the magistrate who allocated terrorism among Italy's maximum security jails. He was seized nearly three weeks ago, and his captors can claim a propaganda success in that the Government has speeded up what it claims was the long-planned closure of the primitive and oppressive Afrani top security prison — the kidnapping's original demand.

Nevertheless, the Government's propaganda victory in quelling the 24-hour revolt at

Trani, must outweigh that of the Red Brigades. It comes at the end of a year in which the security forces have scored unprecedented successes against left-wing terrorism.

Following February's arrest and subsequent confession of a leading Red Brigade operation chief there have been waves of arrests of suspected terrorists, some of whom have provided extensive information about the terrorist network.

As a result the Prima Linea group has been gravely weakened and Revolutionary Action and the 28 March Brigade have been effectively destroyed.

About 1,500 presumed terrorists of left and right have been arrested this year. Terrorist operations have diminished from 2,200 in 1979 to 1,200, and terrorism is in retreat from its high point in 1978. But it has become more lethal, claiming 114 lives in 1980 against 23 last year.

The Red Brigades, the biggest terrorist network, have suffered repeated arrests and

**'This notable success has raised the spirits of the democratic state and given security to all law-abiding citizens threatened by terrorism'**  
—Corriere della Sera

attacks by the security forces, and from June until mid-November launched no operation. But then came three murders, followed on December 12 by the kidnapping of Sig. D'Urso.

His capture, and the terrorist operation at Trani, have been aimed at undermining the Government's weapons against terrorism. The Trani terrorists demanded the closure of all top security prisons including Asinara, special conditions for jailed terrorists and the ending of the authorities' right to detain terrorists almost indefinitely without trial.

Sig. D'Urso's kidnappers, having virtually achieved their aim over Asinara, have now predictably set new conditions for his

release similar to those advanced at Trani. They had also threatened earlier to take his life if the security forces moved against the terrorists at Trani.

Yet there have been indications that the Red Brigades are deeply divided between those favouring murder as an end in itself and those favouring hostage-taking and negotiation for specific conditions.

The overwhelming success of the special forces at Trani has come as a welcome relief to an administration beleaguered both by the aftermath of the earthquake and the oil tax scandal which led a senior Minister to quit.

But while this year's arrests have dealt with most of the perpetrators of past terrorism the security forces have only rarely anticipated or prevented further operations. The fact that the terrorists in Trani could stage their revolt and communicate with colleagues outside casts doubt on the effectiveness of incarceration. Also, the very division within the Red Brigades and their fragmented structure can be a source of strength to

them, making left-wing terrorism a hydra-headed phenomenon. Nor have the authorities defeated right-wing terrorism—the perpetrators of the Bologna outrage have yet to be all captured.

The widespread sympathy for left-wing terrorists among many young people, some lawyers and even within parts of the administration does not seem to have diminished greatly either. For terrorism is a crude form of protest against a society and a governmental system that is demonstrably corrupt and inefficient, against politicians who rarely have time from their internal squabbles to address the country's long-term problems, and against the still lingering possibility of what many on the Left would regard as the greatest betrayal of all—the entry of the Communist party into government in association with the long-ruling Christian Democrats.

If left-wing terrorism were defeated on the ground, there might still have to be some outlet for these wider frustrations.

## Inflation rise puts pressure on Bundesbank

BY STEWART FLEMING IN FRANKFURT

SIGNS OF an acceleration in the rate of West German inflation in the last two months may make it more difficult for the Bundesbank to ease its monetary policy. Dr. Helmut Geiger, president of the German Savings Bank Association, warned yesterday.

While the central bank needs to maintain relatively high interest rates to promote economic stability, this policy puts further burdens on a weakening economy.

The inflation rate has accelerated in December for the second month running, thus apparently reversing a trend which set in during the middle of the year as economic activity slowed. Preliminary figures

indicate that the cost of living rose by 0.8 per cent in December over the average November level, bringing the year-on-year rate of inflation back to the 5.5 per cent level. In November, the figure was 5.3 per cent against October's 5.1 and 6 per cent in May and June.

Most economic forecasts assume inflation will fall next year, perhaps to 4 per cent. However, they may be over-optimistic about the outlook for a D-mark recovery on the foreign exchanges, and risk underestimating the impact of imported inflation on domestic prices.

The Bundesbank, meanwhile, is sticking to its policy of holding its administered interest

rates — the Lombard and discount — at relatively high levels, while trying to maintain adequate liquidity in the banking system.

Yesterday, it announced a new round of repurchase agreements with the banks, through which it will inject temporary liquidity into the system, apparently with the objective of keeping money market interest rates at around the 9 per cent that has prevailed for much of the latter part of the year.

The central bank, however, may have to pay closer attention to controlling monetary growth. Bank lending has been growing strongly in spite of the weakening of the economy but this has not been showing up in the money-supply figures

because of capital exports. Recent moves to restrict capital exports to prop up the D-mark could be one factor behind recent signs of some acceleration in money supply.

Meanwhile, gloomier predictions about the economy next year, including growing fears that the upturn in activity in the second half may be delayed, will add the domestic pressure on the central bank to relax the monetary reins. The Bundesbank has made clear that, hitherto, external considerations have been the main factor preventing it from continuing its monetary policy, relaxation which began in July but was halted in October when the D-mark came under pressure.

## Basque nationalist murdered in France

By David White in Paris

The killing of a suspected Basque terrorist living in France threatens to aggravate the tension which has built up in the past month between Paris and Madrid over the handling of the Basque problem.

Sr. Jose Martin Sagardia Zaldia, alleged to have been a leader of the military wing of ETA, the Basque separatist organisation, was blown up in his car in Biarritz yesterday. Like other known Spanish Basque nationalists, he had been taken away from the border region and placed under surveillance by the French authorities several times since he arrived in 1974. Last year, in a gesture towards Spain's democratic regime, he was granted refugee status to Basque political exiles.

Between December 1978 and last October, four other Spanish Basque activists were assassinated in France. The killings are widely alleged to have been the work of off-duty Spanish policemen.

A diplomatic row was sparked off between France and Spain at the end of November as a machine-gun attack in a French border town in which two people, apparently unconnected with ETA, were killed and 10 were injured.

The French Foreign Ministry protested when, shortly after, three men who broke through the French side of the frontier were set free by Spanish border officials. It is protested again when Sr. Juan Jose Reson, Spain's Interior Minister, said the men belonged to a network of intelligence agents operating on Spain's behalf in the French Basque country.

Spain has long been seeking stronger French support in the fight against armed Basque separatism. But the French authorities clearly are anxious not to spark off a violent reaction on their own territory, as happened last year when they handed over a group of suspects at the border.

Talks between the two countries' Foreign Ministers in Paris last month apparently made little progress and the French Government since has warned Madrid against using French territory to try to resolve what France holds to be an internal Spanish problem.

## Portugal public transport fares up by 20-35%

By Diana Smith in Lisbon

The Portuguese Government has announced increases of between 20 and 35 per cent in public transport fares — less than a fortnight after raising the price of petrol and diesel oil. The increases bode ill for Portugal's rate of inflation, which fell to 18 per cent this year, compared with 24 per cent in 1979.

For the first time in six years, real wages showed a slight improvement in 1980, but the mounting pressure of imported oil costs and the effect of a long drought on prices of foodstuffs are expected to cancel this out next year.

On January 1, flat fares on the Lisbon underground and buses will rise to Esc. 12.50 (10p) and Esc. 20 (16.5p). Reuter adds: Economic conditions have recently been created for a drop of up to 4 per cent in Portugal's bank rate — at present 18 per cent — Sr. Joao Salgueiro, chairman of the State-owned Banco do Fomento Nacional, said yesterday.

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## Netherlands doctors join N-debate

By Charles Batchelor in Amsterdam

DUTCH DOCTORS yesterday joined the growing debate on nuclear weapons with a full-page advertisement in several newspapers warning of the danger of nuclear war.

It was signed by 800 doctors and other members of the medical profession and took the form of an open letter to the Government and Parliament.

They warned that, if a 20-megaton nuclear bomb were dropped on Rotterdam, medical facilities would be totally inadequate. Tens of thousands would suffer from burns alone, whereas burns units in the Netherlands can handle only 100 patients at a time.

The nuclear debate in the Netherlands has been intensifying ahead of May's general election and the decision, due by the end of 1981, on whether the Dutch will accept NATO's new nuclear missiles on their territory.

Dutch businessmen are likely to reduce investment even further next year, according to a survey of 58,000 companies by the Association of Chambers of Commerce.

Declining domestic demand is the main reason for the poor performance of Dutch trade and industry, the survey concluded and among 44 per cent of larger companies and 40 per cent of small companies, profits fell or losses increased.

## EEC poised for crisis over budget

BY GILES MERRITT IN BRUSSELS

"WHEN DOES THE EEC budget row become a Common Market crisis?" runs one Brussels joke this week, and the answer is "not until after the holidays."

It is not such a silly answer either, for the fortnight spanning the Christmas and New Year holidays has done much to brake the momentum of the constitutional clash in which the French, West German, Belgian and Danish governments seem determined to provoke a legal showdown over the powers of the directly-elected European Parliament.

If anything, that joke answer could turn out to be somewhat optimistic. Such is the complexity of the EEC's latest budget wrangle it could be a matter of weeks if not months before the battle lines are fully drawn.

The nub of the threatening new crisis is, of course, that these four EEC member governments have now made it plain that they are challenging the legality of the supplementary 1980 budget and the full 1981 budget because they consider that Parliament took advantage of a procedural ruse to increase its own budgetary powers.

The likelihood, therefore, is that in January, or possibly February, the European Commission will have no option but

## Moscow talks on Polish economy

BY DAVID SATTER IN MOSCOW

THE POLISH Deputy Prime Minister, Mr. Mieczyslaw Jagielski, yesterday concluded two days of talks here which were believed to have concerned Poland's future economic role in the Socialist bloc.

Although no agreement was signed, the two sides reviewed possibilities for economic co-ordination between Poland and the Soviet Union next year and for the following five years.

It was expected that the Soviet authorities will try to press the Poles to reorientate their economy increasingly toward the Soviet bloc while continuing to provide enough help for the country to avoid an immediate economic crisis.

Poland conducts only a third of its overall trade with the Soviet Union, against 50 per cent with the West. Although Moscow has been ready to increase oil supplies at concessionary rates



Mr. Jagielski, second visit in five weeks.

## Court defers farm union ruling

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S High Court yesterday postponed a decision on the right of the country's private farmers to form a trade union. The issue threatens to cause tension between Poland's 3.5m private farmers and the authorities at a time when increased food production is vital to economic recovery.

The High Court met yesterday to decide whether to uphold a decision by a lower court rejecting a registration application from Rural Solidarity, a farmers' trade union which claims 800,000 members. The Warsaw

District Court argued that private farmers are self-employed and therefore cannot form a union. Lawyers for Rural Solidarity yesterday presented international labour law documents, usually known in Poland, which said that private farmers did have such a right.

The adjournment, which was to give the High Court time to consider the documents, will also give the authorities a breathing space to reconsider their opposition to the idea of a farmers' union. The point at

issue is the degree of independence which organisations representing farmers are to enjoy.

The authorities say that farmers can form an association but this would give the Government the formal right to oversee its activities. A farmers' trade union would be independent of state control.

Several hundred farmers demonstrated outside the High Court yesterday and Mr. Zdzislaw Ostatek, head of Rural Solidarity, later described the court's decision as a success.

to take action against the defaulters after its mid-January meeting. It could also wait until the following month, by which point Parliament doubtless would be demanding full implementation of the budget.

The Commission's course of action will do much to determine the importance of the crisis, even if its room for manoeuvre at times is more limited than it would wish. If Mr. Christopher Tugendhat, the British Commissioner who is responsible for the budget, had bowed to French pressure earlier this month to declare Parliament's actions illegal, the crisis might have been avoided but the issue would have remained worryingly undecided. In the event, he said that the procedure was not self-evidently illegal.

There remains an outside chance, though, that it may never come to the Court. For Brussels is uneasily aware that a decision upholding Parliament could precipitate an even more serious stand-off in which France, with its forthcoming presidential elections, might defy the Court too.

At one time, the Commission official put it yesterday: "In the Community, there is always a host of things that could provide the basis of a political settlement."

## AMERICAN NEWS

## Brazil tightens controls on state finances

BY RIK TURNER IN SAO PAULO

THE BRAZILIAN Government has tightened controls on the financial administration of ministries, state corporations and agencies dependent on the Treasury budget, fixed at Crs. 1.88 trillion (£12.8bn) for 1981.

The controls are intended to close loopholes which in 1980 contributed to a sharp expansion of the money supply and led to overseas expenditure by state bodies frequently going unrecorded.

These bodies will now receive their funds in monthly instalments, with no one instalment being allowed to exceed the previous one by more than 10 per cent.

This measure is aimed at creating a more even flow of funds and avoiding the build-up of large deposits in the banking system.

Until now budgeted resources have been deposited at the beginning of the year in the Bank of Brazil and Government bodies have been able to draw on funds at their discretion.

Some had over-budgeted to forestall the effects of spending cuts, and were thus able to leave large sums untouched for long periods, inflating the money supply, which in Brazil is defined as currency in circulation and deposits in the commercial banks and the Bank of Brazil.

Other state bodies overspent in the early part of the year and were forced to ask for extra credits later on.

Bank deposits by state bodies which remain untouched for more than six months will



Prof. Delim Netto

in future be returned to the government organ responsible for administering their financial operations. In most cases this is the Planning Ministry, controlled by Prof. Antonio Delim Netto.

Overseas transactions by official bodies involving an outflow of resources will from now on have to be registered in the Treasury accounts. This is a further step to control foreign transactions by the State sector, following moves at the beginning of 1980 to limit their overseas borrowing.

The State sector will also be expected to refrain from asking for additional credits during the course of the year, except for staff pay increases.

Additional funds to cover deficits in current or capital accounts will not be granted, the bodies have been told.

## U.S. mutual funds show new signs of strength

BY DAVID LASCELLES IN NEW YORK

THE U.S. mutual fund industry, which spent most of the 1970s languishing after the heyday of the 1960s, appears to be on the rebound.

According to a year-end report by the Investment Company Institute, the trade group of the mutual fund industry, the number of mutual fund investors rose to a record 11m this year, and total fund assets were up 45 per cent to \$138bn. The institute says this means the industry is now twice the size it was two years ago.

Much of this spectacular growth was due to money market funds, the relatively new and highly popular channel for investment in high-yielding short-term money market instruments like treasury bills and certificates of deposit. Total assets in these funds rose from \$45.2bn to \$76bn this year.

However, the institute points out that even leaving aside this

phenomenon, there is strong evidence of a comeback in mutual funds.

Common stock funds had sales of \$5.5bn this year, more than double the average for the 1970s, and the highest since 1969. For the first time in nine years, there were also more sales than redemptions.

The institute attributes this to the impressive performance of these funds and calculates that an investor who put money in them at the beginning of this year would have made a capital gain of 31 per cent on average.

The most popular funds were the high growth funds, whose assets were up 47 per cent. Growth and income funds were up 24 per cent.

Commenting on the figures, Mr. David Silver, the president of the Investment Company Institute, said: "The mutual fund industry has reached a new level of maturity this year."

## Vesco asks Bahamas for asylum

By Nicki Kelly in Nassau

THE FUGITIVE U.S. financier, Mr. Robert Vesco, who has been living in the Bahamas since 1978, has applied to the Nassau Government for political asylum, after being told to leave the country by December 11.

He was granted a brief extension, and has now asked for asylum, claiming that U.S. Government agencies and officials, "along with powerful political figures," want him returned to the U.S. to force him to testify publicly about former President Nixon and other high-ranking U.S. officials involved in the Watergate scandal.

Mr. Vesco alleges that he has been continuously persecuted on fabricated charges and that, if returned, he would be tried for political crimes and offences and punished for his political opinions.

## Mexico raises wages

By William Chislett in Mexico City

THE MEXICAN Government has increased the minimum daily wage for workers. From tomorrow workers in the countryside will receive an average rise of 33.3 per cent and, in urban areas, 30 per cent.

The figures indicate that the Government is expecting inflation in 1981 to be slightly higher than this year, when the inflation rate has been about 28 per cent.

The number of distinct categories which fall into the minimum wage bracket has been reduced from 28 to eight and the trend of reducing the difference between urban and rural workers continued in order to encourage less migration from the countryside to cities.

The increase means that the minimum daily wage in 1981 ranges from 135 pesos (\$2.40) to 210 pesos (£3.80).

## British Columbia to challenge Federal Government's gas tax

BY VICTOR MACKIE IN OTTAWA

THE LEGALITY of a Federal excise tax on natural gas and natural gas by-products will be challenged in the courts by British Columbia before February 1, Mr. Bob McClelland, its Energy Minister, announced yesterday.

He also dismissed the Federal Government's decision to charge the British Columbia Government double figure interest on any tax which it collects from the producers for Ottawa but which it does not remit.

Mr. McClelland said the Federal Government does not have the jurisdiction to implement the tax, which was

announced in the October 28 budget in Ottawa.

"How can a Government make such a threat, when it doesn't have the power to collect the money in the first place?" he asked.

The B.C. Government announced before Christmas that it has instructed B.C. Hydro, whose natural gas division sells natural gas for home and industrial use, and B.C. Petroleum Corporation, the sole marketing agency for natural gas produced in the province, not to remit to Ottawa the tax of 30 cents per 1,000 cubic feet.

Both are provincial Crown Corporations. British Columbia

## Space shuttle ready for final tests

By Paul Rea in Washington

THE U.S. space shuttle Columbia, centrepiece of America's space program, was this week transported and mounted on its mobile launch platform for its long-delayed maiden voyage of next March.

The National Aeronautics and Space Administration (NASA) also revealed the names of the two astronauts who will fly the Columbia — commander John Young, a veteran of the last U.S. manned space flight in July 1975, when the Soviet craft joined up in the Apollo-Soyuz mission.

The Columbia, a hybrid ship-aircraft, is now poised vertically on the launch pad at Cape Canaveral, Florida, which served the Apollo programme.

The space shuttle programme has been beset by a host of problems — disputes over design, budgetary constraints and technical difficulties involving its heat protection system and its reusable liquid propellant (rockets) engines.

## Space telescope

The programme will be used to launch the best of several military surveillance civilian communication and scientific satellites into space. One of its missions will also be to place into orbit the Space Telescope, which will focus on innumerable celestial features now invisible from earth.

One of the most ambitious of the Space Telescope's tasks will be the threshold of a new capability to investigate the universe according to Mr. Robert Frosch, NASA's chief administrator.

NASA officials now believe that the worst problems of the space shuttle have been overcome. Assuming no further hitches, Columbia's March 1981 launch date will be three years later than originally scheduled.

Congress first appropriated \$5.1bn for the shuttle programme in 1972. This has already climbed to an estimated \$8.5bn and an additional \$500m is probably necessary for completion. For comparison, the Apollo moon programme cost slightly over \$20bn.

## U.S. hits at Japan arms spending

WASHINGTON—U.S. military officials strongly criticised Japan's newly announced defence spending plans yesterday as falling "seriously short."

Although the Japanese Government officially projects spending increases of 7.5 per cent in U.S. defence officials said this would amount to real growth of about one-third of 1 per cent after accounting for inflation.

"Given the fact that Japan already spends relatively little on defence, the increase contemplated in the December 29 budget proposal is a modest that it conveys a complacency which simply is unjustified by the facts," said a Defence Department spokesman.

The U.S. has been urging allies to boost military spending by at least 3 per cent in real terms. President Jimmy Carter has set the U.S. increase at about 4.5 per cent a year.

The Japanese budget "falls seriously short, whether measured by the security situation, by the discussions held between senior officials of our two governments over the last year, or by considerations of equitable burden-sharing," the U.S. military official said.

On December 18, Mr. Harold Brown, the Defence Secretary, voiced "severe disappointment" with the West German Government for projecting only a 2.2 per cent real increase in defence spending for next year.

AP



## OVERSEAS NEWS

### ZAIRE'S ECONOMIC PROSPECTS

# Waning hope for long-term rescue

BY SUSAN MORGAN AND MARK WEBSTER

THE WEST'S repeated efforts to put some order into Zaire's chaotic economy are beginning to show results, according to diplomats in Kinshasa. "But it is far too early to be optimistic about any lasting recovery," a British banker added. "We have been hopeful in the past and the mess has not got any better."

Zaire's total foreign debt now exceeds \$4.8bn (£2bn). Falling revenues from its main exports, copper, cobalt and coffee, have pushed the debt servicing ratio to around 29 per cent this year, forcing the sprawling central African republic to look for further Government-to-Government debt-rescheduling next year.

Zaire was offered generous terms by the commercial banks when their \$434m (£183m) worth of debt was renegotiated in April this year. The banks, faced with the consistent failure of Zaire to honour its repayments, have agreed that Zaire will be exempt from repayments on principal for five years. Zaire repaid \$58m (£25m) in April to cover all its arrears on interest and 10 per cent of its arrears on principal.

But Government-to-Government debt is proving more intractable. Although payments have been made on time since March this year, there is considerable opposition within the Government, especially from



President Mobutu: dislike of IMF stringency.

President Mobutu Sese Seko, to the stringent conditions which have been attached to Western economic help.

The International Monetary Fund has been acting as the West's watchdog for an economic recovery programme. A team from the fund is expected in Kinshasa to assess Zaire's performance since a \$1bn loan was granted in 1979. The fund is expected to grant a \$150m (£63m) in August 1979.

Under the terms, Zaire had to abide by strict budgetary and balance of payments controls and IMF teams were put into the Ministry of Finance and the Central Bank, ostensibly to improve efficiency but also to try to fight the corruption which, diplomats say, starts from the top and works down.

Until March this year, the government failed to meet the stiff conditions of the stand-by but since then the country has respected its understanding with the fund and has repaid some \$430m (£182m) of scheduled debt. Observers are confident that the remaining \$40m (£17m) which falls due this year will be paid on time.

But another crunch in foreign debt funding will come in the new year when Zaire will have to repay \$759m (£321m) (\$100m (£42m) in January alone). A meeting of the Paris Club of creditor Governments has been fixed for February. A Central Bank official said: "Zaire intends to seek a further rescheduling of its debt by requesting a fourth meeting of the Paris Club."

The prospect of a further rescheduling is unlikely to make the IMF well disposed towards Zaire's request. The fund's \$1bn loan was granted on the basis of a three-year schedule which should have come into force from March 1981. The continued

deterioration of the economy, President Mobutu's unwillingness to comply with stricter conditions and Zaire's poor record for compliance with previous agreements, make long-term rescue attempts look increasingly hopeless.

But Zaire can continue to count on its political weight as the mineral-rich giant of central Africa and, at least in name, an ardent ally of the West. The U.S. has expressed its desire to continue support for the Government of President Mobutu, despite his reputation as a heavy-handed dictator with little regard for human rights.

But Western countries are noticeably cooler towards the idea of a substantial medium-term investment plan than they were at the time of the second invasion of the copper-mining province of Shaba in 1978. The scheme would have involved billions of dollars in order to repair the country's infrastructure and to get industry functioning at full capacity instead of its present 30 per cent.

Zaire's attitude is that the West is starting to strangle any hopes of recovery by insisting on a tight debt repayment schedule. "The external debt burden prevents any possibility of economic take-off," one senior official said.



Abdou Diouf: call for team effort.

## Senghor of Senegal steps down

By Susan Morgan recently in Dakar

PRESIDENT Leopold Sedar Senghor, 74, of Senegal steps down today after 20 years in office and is replaced by Mr. Abdou Diouf, who has been his Prime Minister for the past 10 years.

It was essentially Senghor's international stature as intellectual and world-renowned poet that put his poor and arid country on the map. Now by retiring to smooth the succession and to go against current African trends by recently setting up a functioning multi party democracy, Senghor has displayed an independence and foresight rare in the continent.

### Rumours abound

The Senegalese leader's retirement came as no surprise. Rumours had abounded in Dakar in recent months that he would step down. But what did surprise Senegalese, and upset the opposition, was the manner of his leaving. It was announced first at the beginning of December in the French newspaper, Le Monde, rather than to Senegal.

Despite jockeying for position among opposition groups, the transfer of power is likely to go smoothly. The real battle is expected to take place within the ruling Socialist Party for the division of spoils that will be announced when the Cabinet is elected.

### Belt-tightening

Diouf has promised to continue with the five-year stabilisation plan launched last January, and sponsored by the International Monetary Fund. The belt-tightening is not popular among Senegalese.

The new President admits disliking himself and he cannot replace Senghor and says only a team can do that. Much will depend on his choice of Cabinet. He must balance the important Muslim groups and reconcile regional and ethnic interests.

### In the shadow

Although he has proven himself as a highly able and honest administrator and technocrat, Diouf's political abilities are still unknown as he has remained in Senghor's shadow for 10 years. Nevertheless his very survival points to underestimated political astuteness.

Diouf's qualities of leadership are likely to be put to a rude test if the rains fail again next year as they have done so disastrously for the past few years.

## WORLD TRADE NEWS

# East Germany to expand Rostock freight capacity

BY LESLIE COLTIT IN EAST BERLIN

THE BALTIC port of Rostock, East Germany's largest, is to expand its freight capacity in the next five years from 15m tonnes this year to 23m tonnes by 1985.

The expansion is mainly designed to improve Rostock's grain-handling facilities. As East Germany now imports 3m tonnes of grain annually, mainly from the U.S., of which the bulk is now shipped through Hamburg Harbour in West Germany.

In the first half of this year, East Germany more than doubled its grain imports, primarily fodder, much of which was trans-shipped through the port of Hamburg. However, this is costing East Germany considerable currency and it intends to divert imports from Hamburg to Rostock in future.

Rostock is at present completing 32 1,000-tonne grain silos and is planning to erect



freighters. Rolling grain elevators are being installed. The Port of Rostock Administration says the entire grain harbour is to begin its trial operation in October 1981 and that by January 1982 it will be fully operational. Rostock, it is claimed, will then become one of the "fastest fodder and grain harbours."

Before World War II, Rostock was a minor German port and only after the division of Germany became a leading Baltic harbour. It also serves landlocked Czechoslovakia which is now Hamburg's second biggest transit customer.

Also under construction at Rostock is a new roll-on/roll-off complex on a 200,000 sq metre area. A shed 280 metres by 72 metres is being built to meet the needs of the roll-on/roll-off service, which will be linked with the East German rail system and the new autobahn link between Rostock and East Berlin.

## Ewbank wins power and water orders from Qatar

BY HAZEL DUFFY

EWBANK and Partners, the UK-based consultant engineers, has been awarded contracts for the extension of the power and water development programmes in Qatar.

Ewbank will engineer the installation of four gas-turbine generating sets, each with 100MW nominal rating. The equipment has an estimated capital cost of over \$50m, for which tender documents have been issued. Site work is expected to begin in spring 1981.

The other contract in which Ewbank is involved in Qatar is for the supply of four additional desalination units to be installed at the Ras Abu Fontas power and water station—the

world's largest dual installation of its type.

The project is being engineered on multi-contract basis with individual contracts covering distillers, electrical equipment, seawater plant, civil works and town's water forwarding pumps. Contracts are expected to be placed by April 1981.

Qatar has been a rich source of contracts for Ewbank, the company having been responsible for engineering much of the state's power generation and water production.

Ewbank's sub-consultants for the new development are Charles Haswell and Partners (civil works) and Pencil (water storage and transmission).

## U.S. paper exports rise 43% to record \$4.7bn

BY WILLIAM HALL

U.S. EXPORTS of paper and board rose 43 per cent in 1980 to a new peak of \$4.7bn. China, in particular, has emerged as a major market for U.S. paper and board products.

The strength of U.S. exports, coupled with a 3 per cent reduction in imports, largely cushioned the U.S. paper and board industry from the recession. U.S. paper production increased by 0.5 per cent in 1980 and board production fell by 2 per cent.

Overall, U.S. production of paper and board fell by 2.4 per cent in 1980. This compares with a 5 per cent growth rate in 1979 when the industry produced 64.7m tons—an all-time record.

Overseas sales of U.S. kraft

liner and market pulp were the main factors behind the growth in exports. Total exports of board grew by 1m tons to 3.2m tons in 1980, of which 2.2m tons was accounted for by unbleached kraft paper board.

The figures on U.S. paper and board reduction have been released by the American Paper Institute which says that 1980 was the industry's second best year ever in terms of volume and profits.

In the domestic market the decline in construction activity hit demand for construction paper and board and packaging papers. However, U.S. newsprint production rose by 16 per cent.

Capital spending in the U.S. paper and board industry rose by 24 per cent to \$6bn in 1980.

## New Canada backing for Ireland deal

By Victor Mackie in Ottawa

THE CANADIAN Export Development Corporation has announced the conclusion of an agreement to provide an additional \$30m in financing to Aughtin's Finance of Ireland. The agreement supports sales valued at \$33m by various Canadian equipment suppliers and Alcan International of Montreal.

The latest transaction of the company in Ireland involves the supply of Canadian equipment and engineering services to be incorporated in the alumina plant being constructed on the Aughtin's Island in the Shannon estuary on the west coast of Ireland.

In January 1978, the state-run EDC concluded an initial financing agreement for \$30m in support of Canadian equipment and engineering services in connection with the construction of the plant.

The plant, when completed, will be jointly owned by Irish subsidiaries of Alcan Aluminium of Canada, Billiton BV of the Netherlands, and Anacanda Aluminium of the U.S.

The EDC also announced it will allocate C\$57.2m of its line of credit to the Algerian Government to finance the sale of 1,774 Canadian-made prefabricated houses for use in the earthquake-hit area of al Asnam in Algeria.

The Canadian International Development Agency will finance the construction of a rail link worth the equivalent of \$12m (£5.1m) between Malawi and Eastern Zambia, AP-DJ reports from Lusaka.

## Kabul riot by angry policemen

NEW DELHI — Diplomats in the Indian capital confirmed yesterday that about 40 Afghan policemen had rioted in the streets of Kabul on Monday, storming the Ministry of Information and a Soviet bookshop.

The policemen, who beat up their commanding officer, were said to have been protesting against an extension of their two-year tours of duty.

Private vehicles and other buildings were also stoned by the policemen before they were arrested by Afghan riot police and Soviet troops.

Other informants in Delhi said the rioting broke out in two areas of central Kabul. They said the uniformed men ran through the streets of the Afghan capital throwing stones at windows and cars.

Some reports said a number of Afghan soldiers were involved and shooting was heard but there was only one report, not confirmed, that one of the rioters had been wounded.

Shops closed quickly after the rioting broke out during the morning and people streamed out of the area near the river that divides the old part of Kabul from the central district. Armoured vehicles were moved to river bridges and guards at Ministries were reinforced. Traffic was blocked by soldiers near the People's Palace where President Babrak Karmal has his office. Soviet helicopters made low runs over the city, Reuters.

## Peaceful end to Assam strike

NEW DELHI — A general strike by anti-immigration militants paralysed the north-eastern state of Assam for the second day yesterday. Shops and offices were closed and traffic was off the roads.

According to the Press Trust of India, rail and air services were also disrupted during the 36-hour stoppage which ended peacefully.

The Indian Government has said it is prepared to identify and deport foreigners who settled in Assam after 1971. Most migration into Assam has taken place from neighbouring Bangladesh, Reuters.

## Court order holds up Israel's takeover of West Bank company

BY DAVID LENNON IN TEL AVIV

THE Israeli Government's plan to take over the largest Palestinian economic enterprise in the occupied territories tomorrow has been blocked by a temporary injunction granted to the company by the High Court in Jerusalem.

The Government wants to make a forced purchase of the Arab-owned Jerusalem District Electric Corporation which supplies energy to East Jerusalem and 60 villages nearby. The aim is to consolidate Israeli control over the city and the West Bank of the Jordan.

When Israel captured the West Bank in 1967, it judged it politically advisable to permit the company to continue to exercise the concession first granted in 1914 by the Turkish rulers of Palestine.

Since occupying the territory, Israel has built Jewish suburbs, settlements and army bases, within the concession area and have complained about being dependent upon Palestinians for their power supplies.

The Energy Ministry announced the takeover decision a year ago, claiming that the company was inefficient. This was



Mr. Mordechai: critic of inefficiency.

denied in court yesterday by the company, which accused the Government of deliberately preventing it from buying new equipment to modernise the power plant.

The High Court forbade the Government to make the forced

purchase until the bench issued its ruling. The court gave no indication when its judgment would be delivered.

The temporary injunction was welcomed by the company's 400 employees and by its chairman, Mr. Anwar Nusseibeh, who has fought for a year to prevent the takeover.

Last month Mr. Nusseibeh, a former Jordanian Defence Minister and ambassador in London, said he believed a compromise had been worked out after six months of negotiations. But the talks broke down over Israeli demands that the company give up large slices of its concession area.

Mr. Yitzhak Mordechai, the Energy Minister, was quoted on Israel Radio yesterday, as saying the company was not only grossly inefficient, but was also a tool of Jordan and the Palestine Liberation Organisation.

Officials in his Ministry made clear privately that though economic efficiency was given the official reason for taking over the concession, the real reason was to strengthen the Israeli hold over the West Bank.

## INDONESIA'S DECISION ON OIL

# Premiums cut as the prices rise

BY RICHARD COWPER IN JAKARTA

INDONESIA'S decision—confirmed yesterday—to increase its oil prices marks the fourth rise by Jakarta in the past 12 months. It makes Indonesia the second member country of the Organisation of Petroleum Exporting Countries to raise prices since the organisation agreed on higher prices at its meeting in Bali earlier this month.

Currently the world's ninth largest exporter of crude, Indonesia has raised its official prices by between \$3.50 and \$5.50 a barrel depending on quality. The increase effective from tomorrow means that the official price of its Minas marker crude goes up by just over 11 per cent to \$35 a barrel.

At the same time Indonesia has reduced the premiums it has been charging over and above the official price on a

proportion of the oil marketed by Pertamina, the State oil concern, to Japan and the U.S. The overall effect will be to push Indonesian oil prices up by around 10 per cent.

The decision, announced by the state-owned oil company, means that the official Government price for Minas goes up by \$3.50 a barrel to \$30. Most of Indonesia's crude is sold at the official price. But this year about 15 per cent of oil exports have incurred a premium. These premiums have now been reduced.

The premium for Minas, for example, has dropped from \$3.70 to \$1.50 which means that the most customers can expect to pay from tomorrow will be \$36.50 compared to \$35.20 now. The reduction of the premium is good news for Japanese customers who account for

above 80 per cent of all the oil sold at a premium.

Anthony McDermott in Cairo reports: Egypt is raising its oil prices by up to \$4 a barrel. Top quality Suez blend crude is to increase from \$38 to \$42.50 a barrel while lower quality crudes are going up \$6 to between \$32 and \$37 a barrel.

Egypt's oil production over the past six months has been at its highest ever, between 685,000 and 690,000 barrels a day.

Nigeria is expected to raise its crude oil prices by up to \$3 a barrel from tomorrow although no official announcement has been made yet. Prices for Bonny Light, Qua Iboe and Brass River crudes are likely to be increased by \$3 to \$40 a barrel. Other grades will be increased by \$2.97 a barrel to around \$39.80 a barrel, according to the oil industry.

# Australia's wine producers raise their export targets

BY PATRICIA NEWBY IN CANBERRA

THE FULL-BODIED reds, crisp rieslings, mellow white Burgundies, and fruity Moselles which grace Canadian tables over the next few years may increasingly come not from traditional European sources, nor even from Canada's own small wine industry, nor from California next door, but from Canada's colonial cousins in Australia.

Through a major export drive currently under way in Canada, Australia hopes to greatly increase awareness first in Canada and later in the U.S. of Australia's potential as a supplier of high-quality table wines.

In spite of Canada's restrictive wine distribution through provincial state-run monopolies and the complicated system of achieving and maintaining listings for particular wines in each province, Australian wine promoters believe North America offers a great opportunity for Australian wine exports.

Canadians and Americans currently drink less than eight litres of wine a year per capita. This is well behind Australia at 17.5

litres and far behind major wine-producing nations such as Italy at more than 100 litres per head per year. France at around 93, and West Germany at around 24 litres.

Britons, with their well-established beer-drinking tradition, lower per capita incomes, relatively high wine prices, and with virtually no wine industry, still drink more wine than North Americans. UK wine consumption last year was 8.7 litres per person.

The Australian Wine Board, which represents wine producers, believes the burgeoning Californian wine industry will not be able to keep pace with growing demand in North America for table wines, and that there is room for Australia to develop a market.

Canada, with its small population of 22m, is already Australia's biggest export market, taking nearly 1.6m litres in the 1979-80 financial year. The UK was the next biggest market at nearly 800,000 litres. However, the UK market has changed over the past decade following

Britain's entry to the Common Market. In the mid-1960s Australia was exporting around 6m litres of wine to the UK, much of it the fortified wines, brandies, sherries.

After contracting substantially, the market is again growing—this time in table wines. In the financial year 1979-80 Australian wine exports to Britain grew by 38 per cent. Shipments of table wine increased by 66 per cent.

The wine board described the increasing acceptance of Australian table wine, especially reds, as "very gratifying," but warned that with the entry of Greece and Portugal into the European Economic Community, the future potential for Australia in the low-price segment of the UK market was limited.

Australia's reputation for fine wines has been growing in recent years as prizes have been won and acclaim received from internationally respected critics. However, until now, exports have not been particularly important to the industry which

has scarcely been able to meet booming domestic demand.

In fact wine exports dropped in the mid-1970s and are only now regaining the levels of the 1960s and early 1970s of around

6-8m litres a year. Only about 2 per cent of annual Australian production has been exported in the past few years. The small volume of exports has been matched almost exactly by im-



Australia's wine industry is booming, with producers seeking ever-new export markets.

ports, mostly of European table wines.

However, although the Australian domestic market is still growing, the rate of growth is slackening. This comes as production is reaching record levels. This year more than 4.1bn litres of wine were produced from 511,000 tonnes of grapes. Last year 3.4bn litres were produced from 477,000 tonnes of grapes.

To avoid an Australian version of the European wine lake, the industry has decided to build export markets. Although total exports are small in volume, there is a good base on which to build—Australian wine is sold in more than 80 countries.

The industry raised \$520,000 which was matched by the federal government for the Canadian export drive. Mr. Michael Verity, appointed two years ago as the Australian Wine Board's international marketing manager, identified Canada as the most promising market after spending nearly a year researching and visiting potential customer countries.

After Canada, the next production onslaught is expected to be New York followed by California. "It may seem like taking coal to Newcastle, but Californians are interested in wine and in experimenting with wines from other countries," a Wine Board official said.

New Zealand, the biggest single market for Australian table wines, and Oceania will remain important. Japan is seen as longer-term even though exports in 1979-80 jumped by 57 per cent on the previous year to nearly 400,000 litres. The Australian Wine Board has joined the Australia-Japan Business Co-operation Committee with a view to furthering wine trade with Japan.

The Middle East market was nearly as big as Japan's in 1979-80, but the wine board sees this market as limited by the size of the expatriate population. However, there is a growing market for grape juice. The variety of Australian wines can be daunting to a domestic consumer, let alone a foreign customer. More than

300 commercial winemakers produce more than 2,300 wine labels.

Grapes are grown in South Australia in the famous Barossa Valley which was settled by German immigrants last century. Victoria and New South Wales, on the highlands in Queensland and in south-west Western Australia. In spite of the vast distances between wine producing regions, Australia's generally equable climate means that variation in vintages from year to year are less marked than in Europe.

Vast numbers of vines in Australia are still grown on their original French and German stocks, and the biggest plantings in Australia are of the Shiraz grape. There are also Australian muscats and liqueur muscats—fortified wines produced from grapes allowed to ripen to high levels of natural sweetness without turning to raisins. It is illegal in Australia to add sugar as is sometimes necessary in colder parts of Europe to lift alcohol levels.



## UK NEWS

# Port charges rise 15% to counter sharp drop in trade

BY WILLIAM HALL, SHIPPING CORRESPONDENT

PORT CHARGES at most big British ports are going up by an average of 15 per cent from tomorrow. The increases are being imposed in spite of a sharp drop in trade, because several ports are in financial difficulty.

The Port of London Authority, which has forecast that it will see £15m in 1980, is increasing its scheduled charges by 15 per cent tomorrow, but it has introduced a 20 per cent discount for exports.

The Mersey Docks and Harbour Company, which is pressing the Government for special aid, is increasing ship's dues by 24 per cent, or 10 per cent

for grain ships. Conservancy charges—payable by all ships passing through a stretch of water—are going up by 12½ per cent, dues on imports by 15 per cent and dues on exports by 17½ per cent. Handling charges remain unchanged.

As with London, the increase is the first for a year. The Clyde Port Authority, at Scotland's biggest port, is increasing its charges by an average 15 per cent. However, charges at the Forth Ports Authority, on the other side of Scotland, will rise by only 10 per cent.

The British Transport Docks Board, which controls 19 ports

accounting for just a quarter of the country's trade, is raising charges by an average of 13 per cent. Its two biggest ports, Southampton and Hull, suffer from overmanning and have been losing money, though their problems are nowhere near as severe as London's or Liverpool's.

The Tees and Hartlepool's Port Authority, less affected by the recession because of North Sea oil traffic, is increasing conservancy charges by 10 per cent and cargo handling charges by 14 per cent. Its oil trade could soon make it the biggest port in the UK in terms of tonnage. The smaller ports specialising

in roll-on/roll-off traffic are also increasing their charges. Dover Harbour Board by an average 15 per cent and the six ports operated by British Rail's ferry company, Sealink, by 17½ per cent.

A few ports have already increased tariffs. The Port of Bristol's rose by 10-20 per cent in September and the Manchester Ship Canal Company raised charges twice last year. Felixstowe, owned by European Ferries, traditionally increases its dues at the end of June—last time, by up to 25 per cent.

Ports face a dilemma over charges. If they increase them they may drive away traffic, but

if they do not, the depression in trade may increase their losses.

Most ports appear to be increasing published rates, at least, although no details are available about the general level of increases in negotiated rates.

The last year has been bad for most ports. The biggest four London, Liverpool, Southampton and Hull, all lost money last year and almost certainly lost more this year.

A combination of a sharp downturn in trade, increasing containerisation of general cargo, and overmanning have

sapped the financial strength of many ports and the Government is being forced to review its policy of not aiding individual ports.

Most ports hope higher charges and more traffic next year will revive their fortunes. But the financial situation of three ports, London, Liverpool and Bristol is so serious that they may well not recover without outside assistance.

The Port of London Authority is already being aided by the Government, honouring a previous government's commitment. However, it says its problems will not be solved without

a Government-assisted capital reconstruction.

But of all the ports, Bristol seems the most in need of help. Unlike most ports, it is owned by the local authority and the city council. The Government has refused Bristol the sort of special financial assistance it is offering London and Liverpool.

In the year to March 1980, Bristol made a pre-tax loss of £7.7m. Its fortunes have been hit by the heavy financing charges associated with the £40m Royal Portbury dock. It is trying to attract private capital to shoulder some of the burden, but so far to no avail.

BRITAIN'S LEADING PORTS—1979		
	Revenue (£m)	Profit (£m)
London	87.5	(7.3)
Liverpool	66.3	(1.8)
Southampton	37.7	(0.7)
Hull	25.2	(1.9)
Manchester	25.2	1.7
Clyde	23.9	2.1
Tees	22.9	2.8
Bristol	19.8	(7.7)
Felixstowe	18.1	2.1
Forth	17.0	1.4

\* Includes additional depreciation. † Includes Larne.

## Councils can spend £355.5m on education capital projects

BY ROBIN PAULEY

LOCAL authorities in England will be allowed to spend up to £355.5m on education capital projects during 1981-82 under the new capital control provisions of the Local Government Planning and Land Act 1980.

The Department of Education and Science has told each local authority of its allocation for the year—the amount they may spend. These range from £13.56m for the Inner London Education Authority down to £196,000 in the London borough of Sutton and £198,000 in Solihull, West Midlands.

In previous years the allocated limits for education building controlled the value of the building work which authorities were allowed to start each year. Under the new system, the allocated figures determine the amount of capital spending which authorities may make in

a year. This covers all sectors of education and includes furniture, equipment, plant and machinery, land and professional fees as well as construction costs.

Allocations are not grants. They represent cash limits on capital spending. They are made for five categories of spending—education, housing, transport, health and environmental services.

Local authorities are free to spend the five amounts as they wish within the five services or they can transfer some spending from one category to another, balancing increased capital spending on education, for example, by spending less than the allocated limit on housing or one of the other categories.

Although councils can borrow and spend what they like within the limits on the various education sectors the Department "hopes" they will give priority

to nursery and special education building. (The other sectors are primary and secondary schools, further and higher education, and energy conservation.)

In the breakdown of the allocated limit, priority has been given to councils providing low cost accommodation through adaptation work, especially in areas of special social need, and to those projects making provision for the handicapped. The Department is again emphasising that councils should economise by converting spare primary school classrooms for use in nursery education.

As before, all school and further education projects costing £120,000 or more will continue to need the individual approval of the Secretary of State for Education. All councils must submit their lists of major capital projects for 1981-82 to the Department by March 31.

## Panther to resume production of cars

By John Griffiths

CAR PRODUCTION is to resume on Friday at Panther Westwinds, the specialist maker in Surrey bought from the receivers last month by the head of Jindo, a South Korean manufacturing group.

Mr. Young C. Kim, Jindo's president, has formed a partnership with Mr. Robert Jankel, the founder of Panther, which went into receivership last December owing nearly £12m. They plan to resume production of a three-model range of Panther cars, eventually using a non-mechanical component from Korea rather than the UK.

The first two cars to go on the line at Byfleet will be a Lima two-seater, which at £9,000 plus is the cheapest model, and a larger and more luxurious vehicle, the J72.

But Panther is taking a cautious approach to resuming output, and has no immediate plans to return to the peak 10 vehicles a week it produced before the Midland Bank called in the receivers. Over-expansion and diversification into too many projects, were clear factors in the downfall of the earlier company.

Mr. Graham Arnold, Panther's new marketing manager, said, "The specialists make have always lain in the pursuit of volume, or bowing to outside pressures to step up volume."

By the end of 1981 Lima production may be up to six a week, he said. But output of the larger cars, the £22,000-plus J72 and the £55,000-plus De Ville "flagship," will be much lower. Panther is adopting a policy based on the yacht-building industry—stage payments over the manufacturing period, which can be up to four months.

It is not resurrecting a dealer network. Instead, it will stage short, one- or two-week sales drives in major towns and cities, using showrooms of a "host" distributor or dealer in other "reputable" makes, allied to local promotion campaigns.

The host garage would take a commission on cars sold and act as servicing and warranty agent. Panther says because the cars use proprietary components—the Lima, for example, used Vauxhall engines and running gear—owners would not encounter maintenance or repair problems.

Panther is aiming to sell about one-third of its output in the U.S., one-third in the UK, and the rest in European and other markets. It expects to sell direct to customers via advertising and other promotions.

Components are expected to continue to be sourced in the UK for most of 1981, with only a gradual build-up of supplies from Jindo's manufacturing facilities in Seoul. The logic behind making them in Korea is that, apart from cheaper production costs, they can be shipped cheaply to the UK in Jindo containers and vessels.

Panther said yesterday that despite the receivership, it had full backing from component suppliers.

## Delay expected in lowering of some mortgage interest rates

BY ANDREW TAYLOR

MANY BUILDING society borrowers will find their monthly mortgage repayments are not automatically reduced from tomorrow in spite of the announcement this month that the recommended mortgage rate for existing borrowers will fall from 15 per cent to 14 per cent at the start of the New Year.

For example, most borrowers with the Halifax—the country's largest building society—will have to wait until February 1 for the new rates structure.

The delay arises because under rules operated by the Halifax the society must give at least one month's notice to investors of any fall in interest rates. The Halifax says that if

it cut mortgage rates before reducing the rates paid to investors, it would cost the society £4.5m in a month.

Borrowers with other societies too, cannot automatically expect monthly repayments to be reduced from January.

Some societies, including the Provincial and Woolwich Equitable, seek to keep monthly repayments at a constant level during their financial years and therefore generally recalculate payments only annually, on the basis of interest rates prevailing at the start of the year.

Repayments therefore do not necessarily increase or reduce in line with interest rate changes unless borrowers

specifically request it. Interest rate changes during the year affect the life of the loan rather than the level of repayments, and any discrepancy is corrected at the end of the year.

The Woolwich financial year does not end until September 31, but the Provincial's ends tomorrow anyway. Some borrowers may decide to maintain their repayments at the present level, to reduce the life of the loan.

The Halifax, which provides almost a quarter of all building society loans, said that when interest rates were last lowered, three years ago, 30-50 per cent of its borrowers opted to maintain repayments at the higher level.

## NatWest cuts personal loan interest

BY DAVID MARSH

NATIONAL WESTMINSTER Bank yesterday announced a 1 percentage point cut in interest rates on personal loans, extending the move towards cheaper credit among the Big Four clearing banks since last month's cut in minimum lending rate.

NatWest is also revising its charging arrangements for personal current accounts. It is cutting charges for automated debit entries but increasing them for other items.

The new interest rate, which takes effect for loans agreed on or after January 2, will amount to an effective 18.33 per cent for a six-month loan, and 19.75 per cent for two years.

The move follows similar action by Midland Bank last month, when it cut effective rates for personal loans to 18.5 per cent for six months.

Mr. Jeff Benson, NatWest's group chief executive, said yesterday that the adjustment reflected the generally lower

level of interest rates. All the Big Four banks cut their base rates to 14 per cent last month.

Under the new personal tariff arrangements, NatWest is leaving its minimum balance qualification for free banking at £50. When the qualifying balance is not maintained, it is reducing the charge for such automatic items as service bill and direct debits to 12p from 15p but raising the cost of other debit entries to 18p from 15p.

## High tax 'way to cut drinking'

BY GARETH GRIFFITHS

THE GOVERNMENT must develop a strong policy on alcoholic drink taxation if it really wants to cut overall consumption of alcohol, says a report on the drink trade by Dr. Martin Duffy of Manchester University Institute of Science and Technology.

The industry can stand large tax increases, he adds.

Beer is likely to sell less well, says the report. Demand for wines and spirits may grow at between 50 per cent and 100 per cent faster than the growth of consumers' real disposable income, but beer demand may increase at between 20 to 30 per cent less than the growth in incomes.

The report examines advertising, taxation and demand for beer, spirits and wine in the years between 1963 and 1978.

It says that consumption of drinks can be expected to boom when the recession ends and real personal income rises.

Wine and spirits sales in the period of the study were helped by a fall in relative prices. The crucial factor in boosting demand was the real increase in incomes. Drinks sales generally responded slowly to price movements compared with other products.

The report's finding that advertising has little effect on overall sales is bound to cause controversy. Proponents of stronger control of drinks have mooted the idea of advertising reductions. The report says this would be ineffective.

"The council adds that 'pressures on the industry

could have been worse but for the lower cost of inputs compared with manufacturing generally." For the year ending June, 1980, the wholesale input prices for food manufacturing industry increased by 8.2 per cent, compared with 23.3 per cent for all manufacturing industry.

Food prices have also been rising sharply, but the rate of inflation. While the retail price index for the year to June, 1980, rose by 21.5 per cent, the index for food price rises increased by only 13.6 per cent.

Mr. Duffy suggests that demand for wine could be cut by up to a quarter, and spirits consumption by nearly a third, if 1978 prices had been raised to the same level in real terms as in 1970.

The study could provide support for those in the Government aiming at large increases in drink duty next year as a way of cutting overall consumption. It suggests that because of the relative price insensitivity of beer in particular, drink could stand substantial duty increases.

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## Television South West set for early takeover

By Arthur Sandles

TELEVISION SOUTH WEST, the winner of the west country ITV franchise in the latest contract reshuffle, is ready to take the franchise over earlier than expected. This emerges as Westward's warring shareholders move towards another battle.

TSW's Board will meet again on Friday, but Mr. Brian Bagg, its chairman, has already indicated that an early assumption of Westward's role is not ruled out.

Even if the present Board of Westward, under Lord Harris of Greenwich, survives, the latest attempts by supporters of Mr. Peter Cadbury to force another change of chairman in the company, there is always the possibility that Westward and TSW complete their hand-over negotiations quickly and seek independent Broadcasting Authority approval for an early switch in management.

More pressing, however, is the prospect that Mr. Bill Casswell, a substantial holder of Westward's shares, might succeed in his bid to remove Lord Harris.

Should this happen, the IBA would be placed in an extremely embarrassing position. It has already declared that Mr. Cadbury is not acceptable as chairman, and forced his retreat from the battle earlier this year. If the Cadbury camp returned to power at Westward, the authority might be forced to move in and enforce a rapid handover to TSW.

At the heart of the matter may be the 20 per cent of Hambros Bank and bought by the bank from Mr. Cadbury and his family.

Mr. Cadbury believes that he can repurchase these shares now, that Westward has lost its licence. This is not the universal interpretation of the conditions attached to the sale.

## Trident 'can employ 45,000' in late 1980s

By Michael Donne, Defence Correspondent

REPLACEMENT of the ageing Polaris submarine nuclear deterrent by the U.S. Trident missile system will provide employment for up to 45,000 through the second half of the 1980s in engineering, shipbuilding and related industries.

A memorandum from the Defence Ministry on the Trident, submitted to a Commons Defence Committee in October and first published yesterday, says that the £500 programme now planned "may be expected to provide perhaps 225,000 man-years of direct employment over the whole period of the programme in the construction, shipbuilding and engineering industries."

Notably, as much employment again will come indirectly in supporting industries, such as iron and steel, and heavy, light and electrical engineering and electronics.

Britain will buy the Trident system from the U.S., but make her own warheads and submarines and build depot and shore support facilities.

The costs have been initially assessed at between £4.5bn and £5bn. In its memorandum the Ministry admits that it cannot calculate the precise effects of Trident procurement on other programmes.

The initial estimate of the cost is based on a "long-term costing" giving only a "snapshot picture" of the programme.

"There are so many variables and uncertainties that even if we could assume that the total defence budget would in the future be the same without Trident as with it, any attempt now to calculate the effect of Trident in terms of a comprehensive and specific list of repercussions would not be meaningful."

House of Commons Defence Committee on Strategic Nuclear Weapons Policy: Minutes of Evidence, Wednesday, October 29, 1980; Stationery Office, £3 net.

## Bankruptcy fees changed

CHANGES and increases in fees for personal bankruptcies and the winding up of companies will take effect tomorrow, the Government said. Rises in some fees, especially payable where a trustee or liquidator submits accounts for audit, have been made to meet the higher cost of running the

Department of Trade's insolvency service. At the same time, some small fees have been abolished and the wording of fees simplified. The fee for application for discharge from bankruptcy will be a flat £50, also payable where a debtor applies to the court to review a discharge order.

## Employers say jobs outlook worsening

By David Marsh

EMPLOYMENT prospects in every sector of the British economy will deteriorate still further next year, and no recovery is expected at least until well into 1982, according to a gloomy report on the outlook for jobs published this morning by Manpower, the work contractors.

Manpower's latest survey of 1,565 major employers reveals that two thirds expect no improvement in job prospects in their industry for at least 12 months.

The largest proportion expects that recovery will be delayed beyond 12 months. About 30 per cent of employers now expect to reduce their workforces in the first quarter of next year. This is slightly more pessimistic than the report for the last quarter of 1980—then the gloomiest for job prospects during the 14 years of Manpower surveys—for which 29 per cent were forecasting staff cuts.

In the survey conducted 12 months ago for the first quarter of 1980, only 14 per cent of employers were predicting workforce reductions.

Only 6 per cent of employers are forecasting staff increases, compared with 12 per cent last quarter and 21 per cent a year ago.

Only the seasonally volatile food, drink, hotel and catering industries expect any recovery during the first half of 1981. The most pessimistic about early improvement are heavy engineering companies and all the public sector industries.

Employment pessimism is also pronounced in the banking and insurance sectors, normally areas which are least subject to large scale labour changes. In the service industries in general, 23 per cent now expect staff cuts against only 12 per cent in the first quarter of 1980.

Reckless trading, persistent window dressing of accounts, circular loans, lies and contempt of boardroom procedure characterised the short life of Cornhill Consolidated Group, the bill-trading and holding group which crashed within days of the collapse of London and Counties at the beginning of the 1973-74 secondary bank crisis.

Yet the most remarkable thing about its collapse in December 1973, according to the report of the Department of Trade inspectors appointed within days, was that it had not happened sooner.

Mr. David Calcutt, Q.C., and Mr. John Whinney, P.C., conclude in their 300-page report that "from its origins in the loan of £1m to Mr. Spillsbury—a former owner of Worcester Works Finance, which Cornhill took over and renamed Commercial Credit and Discount—Cornhill 'was no more than a huge speculation with borrowed money'."

Accounts, when they were published—none ever appeared for the group as a whole during its four-year life—contained an "unusually deceptive" degree of window dressing even for the standards of the time. The inspectors, for instance, believe, the balance sheets for 1972 should show assets of £22.7m instead of £35m, and those for 1973 should be £16.4m instead of £34.2m.

The requests by the Registrar of Companies for up-to-date accounts (largely delayed because Price Waterhouse as auditors refused to issue an unqualified audit certificate) were neither timely nor effective. Had they been, the inspectors conclude, fewer creditors would have been caught in the collapse.

Much of the loan capital which appeared in the balance sheets came from reciprocal deals with such companies as British Bangladesh, the company

controlled by Mr. John Stonehouse, the former Labour Cabinet Minister, and London and Counties.

These deals, which lasted for the 24 hours of the balance-sheet date, created a "largely illusory" appearance of size for Cornhill.

Where such deals were not undertaken, the size of the group was blown up by acquisitions financed by the issue of capital usually made with the financial assistance of the companies whose shares were acquired.

The group was thus largely built up as a series of breaches of section 54 of the Companies Act, which prohibits companies helping others to buy its own shares, the inspectors say.

The main tranche of genuine money into Cornhill—a £4m loan from Continental Illinois—was granted on the basis of an apparent £8.5m guarantee from the American Agricultural In-

surance Company. In fact, that money had been guaranteed by Mr. W. H. Pluett, a manager of the American company, without authorisation by the board.

The American bank, therefore, lent Cornhill money because it believed it to be a finance house of substance.

"In truth," say the inspectors, "by April, 1973, Cornhill had a deficiency of £5.9m."

For all the lies, euphemisms and deceptions practised by Mr. Morris, the inspectors say, there are no grounds for further police investigation. They see no evidence to suggest that he or his fellow directors intended to line their own pockets.

Their efforts were principally devoted to supporting the Cornhill group in the face of ever-mounting losses.

Investments to support that buy-out.

Mr. Tom Whyte, chairman of Triumph, took over Worcester, only to see its losses rise just ahead of the eventual collapse of Triumph itself.

Mr. Morris went on holiday for a few days in early December. By the 10th it was clear the company could not meet interest payments on a crucial loan and other loans were being called in after the collapse of London and Counties.

On December 17 the Bank of England sent in National Westminster Bank to study the case but decided that support would only postpone the evil day.

The inspectors came in in mid-January. The delay in publishing their report arises from the lengthy criminal proceedings, which ended last February when Mr. Spillsbury received an 18-month prison sentence on various Fraud and Theft Act charges.

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## Radical change urged in print employers' body

BY ALAN PIKE

THE RESIGNATION of the British Printing Industries Federation's office bearers and the appointment of a high-ranking new director general were demanded yesterday in the report of an inquiry into "catastrophic" difficulties which have faced the organisation this year.

The BPIF, which acts as both an employers' and trade association in the printing industry, set up the review body under Lord McGregor of Durris after serious divisions arose among members during a pay dispute with the National Graphical Association last year.

In its report, the review body refers to an "atmosphere of resignation, frustration and bitterness and an open expression of a lack of confidence in the existing governance of the federation," and concludes that it is not at present capable of functioning successfully.

There was a widespread feeling among BPIF members, says the report, that they were isolated in their own federation. This resulted in part from the organisation's "creaking, unrepresentative and inward-looking system of government," and the membership required "the old mould to be broken" so that new machinery could develop.

A radical reorganisation of



Lord McGregor of Durris

the BPIF, says the report, is needed to restore the confidence of members in its usefulness. It calls for the resignations of the federation's lay office-bearers, other than the annually-elected president, not because of personal criticism, but because the review body feels there must be a "striking, visible and symbolic act" to bring home to members the inescapable need for radical change.

The report also recommends that past BPIF presidents should "refrain from offering

advice on the policies of the federation" and that the president in office should not seek it. The recommendations of the report are intended to create a structure which will give members greater influence over policy. It calls for the creation of a new management board and a revised regional structure.

"We attach the highest importance to ensuring that the membership are placed in a constitutional position which enables them to challenge the major decisions of the central management board and require it to provide explanations in public."

The review body also recommends the federation to seek a new director general with the ability to "pull together and revive a debilitated organisation." It says the director general should be paid at the level of a permanent secretary in the Civil Service, and that a suitable candidate should be sought in Whitehall and industry.

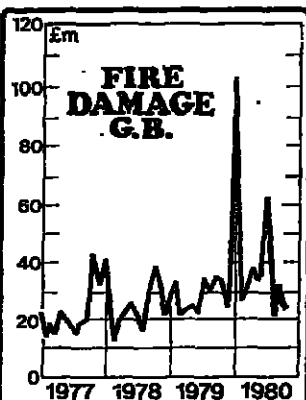
Commenting on the dispute with the NGA which brought the collapse of morale in the federation to a head, the report notes the view of some printing employers that in slightly different circumstances the outcome might have been victory rather than defeat.

## Further decline in cost of fires

By Eric Short

FIRE damage costs in the UK continue to decline from the high levels reached earlier this year, according to the latest figures published yesterday by the British Insurance Association.

Costs in November were over £6m lower, at £23.7m, than in the previous month and nearly



£2m below those of November last year.

Costs last month were low, primarily because there was only one fire where damage was at least £1m.

The decline in damage costs over the past few months means that total costs for this year are likely to fall well short of the once-predicted £500m. Costs for the first 11 months totalled £440.8m.

Fredy Fisher leaves the FT for a new career as a banker

## Force behind paper's expansion

MR. M. H. "FREDY" FISHER retires today as editor of the Financial Times. He leaves us at the age of 58 to begin a new career—as a banker with a senior post at S. G. Warburg.

Fredy Fisher has been with the Financial Times for 23 years. During that period the newspaper has broken out from being a narrow-circulation financial journal with an audience largely confined to the City of London to its present position as one of the world's leading newspapers.

A significant part of this break-out has taken place during the past eight years under Fredy Fisher's editorship. The decision to produce a Continental edition of the paper printed in Frankfurt was taken in 1977, and it was launched at the beginning of 1979.

At about the same time, the FT began publishing a weekly magazine, World Business Weekly, in the U.S.

Fredy Fisher has been deeply committed to both these projects, and they set the tone of his editorship. As the international ambitions of the newspaper expanded, so have the depth and the breadth of its writing. The paper's industrial coverage, which had tended to be a poor relation to its financial and economic reporting, has been given fresh impetus. The launch of the Frankfurt paper has been directly responsible for a major expansion of the

paper's coverage of international finance in its broadest sense. As editor Fredy Fisher was at the centre of all these changes.

Fredy Fisher came to the paper in 1957 after seven years as an historian at the Foreign Office. At that time Gordon Newton, editor from 1950 to 1972 and the founding father of today's FT, was just getting into his stride. He had surrounded himself with a team of untrained young people fresh out of university to help him create a new newspaper. William Rees-Mogg, Nigel Lawson, Samuel Brittan, Robert Heller, Shirley Williams, Michael Shanks, Robert Collin, Arthur Wintpear, Ian Trafford, Dick Wilson—all were on the staff at the time Fredy arrived. The great boom years of the late 1950s were under way. Between 1957 and 1964, the FT's circulation almost doubled from 80,000 to over 150,000.

Fredy Fisher's first job on the paper was as the second man in a two-man foreign department, looking after a half-page called Commonwealth and Foreign. By 1961 he was foreign editor, and both he and the paper were caught up in the 1960s mood of optimism and self-confidence. Jack Bruce-Gardyne had been the first FT correspondent to be sent abroad to Paris in 1957. Now, New York, Brussels, Washing-

ton, Bonn, Rome, Stockholm and Tokyo were added to the FT's foreign operation, as the space devoted to foreign affairs within the paper was rapidly expanded. At a time when most of the world's Press were cutting back on overseas coverage, the FT set out to plough a furrow of its own.

By the mid-1960s, Fredy Fisher had moved to the home side of the paper and was an assistant editor. In that capacity, he assisted Gordon Newton in his orchestration of the second arm of the FT's expansion—away from its base in the City of London to its present broad coverage of industrial, economic and political affairs. The Technical Page and the Management Page were both launched during this period. As a lifelong lover of music, Fredy found himself drawn into discussions of the FT's arts coverage. The paper was on its way to its first major circulation peak of just under 200,000.

By the time he took over as editor in 1973, Fredy Fisher had added a journalist's nose for news to his historian's instinct for what is important. He has taken a strong intellectual interest in what the paper has written, and especially in its editorial policy. His editorial conferences have been lively and refreshing. He has applied his own drive and energy to demanding from his writers rigorous standards of

accuracy and clarity of expression.

Fredy Fisher belongs to that distinguished group of British citizens who were forced to flee the Nazi regime in pre-war Germany. He was born in Berlin in 1922 into a family which lived with music around the house—two of his father's closest friends were Arthur Schnabel and Otto Klemperer. His first language was Russian, but that was soon forgotten. He was brought up bilingually in German and French until 1936, when his father and step-mother left Germany for Switzerland, and he was sent to boarding school in Enoland.

In 1940, at the age of 18, he was caught up in a blanket round-up of "enemy aliens," and shipped to an internment camp in Australia. By 1942, he had persuaded the authorities that they had made a mistake, and returned to the UK to join the army, landing in Normandy in June, 1944 as a trooper with the 8th King's Royal Irish Hussars.

It was from this background that Fredy went on to win a first in History at Lincoln College, Oxford, and to his three careers—as an historian, as a journalist and now as a banker. The Financial Times is grateful for all he has done for the paper, and wishes him well at S. G. Warburg.

G.D.O.

## Local airports likely to earn £13m surplus

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE 23 local authority airports in Britain are expected to earn an operating surplus of over £13m in the current financial year, compared with a surplus of nearly £9.5m in 1979-80.

After allowing for interest, debt repayments and capital outlays financed from revenues, the net surplus in the current year is expected to be about £1.7m—compared with a net surplus of £2.5m in 1979-80.

Figures prepared by the Chartered Institute of Public Finance and Accountancy show that total income from operations in 1979-80 rose by 27 per cent to £86.9m, while operating expenditure rose by 22 per cent over the same period, to £57.5m. The institute says the surplus in 1979-80, and the estimated surplus for the current financial year represents "a major step towards local authority airports becoming financially self-supporting without recourse to subsidy from rates and taxes."

Total investment in the airports, on a historic cost basis, amounted to nearly £280m at the end of March, 1980. Of the 23 airports, nine had surpluses. They were: Birmingham, Hurn, Bristol, East Midlands, Gloucester (Staverton), Leeds/Bradford, Luton, Manchester and Norwich. These ranged from surpluses of over £2.4m at Luton and £1.7m at Manchester to £3.576 at Staverton.

The rest incurred losses (including: Blackpool, Shoreham, Cardiff, Carlisle, Coventry, Dundee, Exeter, Humberside, Liverpool, Southampton, Sunderland, Swansea and Tees-side). The number of passengers using the 23 airports in 1979-80

was 11.8m—a 9.6 per cent rise over the previous year. Over the same period the number of air transport movements rose by 7.3 per cent to 265,000.

These local authority airports therefore provided about 20 per cent of the total airport services in the UK, a figure which is expected to increase in line with Government policy for greater use of capacity at regional airports.

Chartered Institute of Public Finance and Accountancy, Local Authority Airports, 1979-80, 1, Buckingham Place, London, SW1.

**SHUTTLE CUT:** A midwinter drop in traffic has forced British Airways to cut one flight a day in each of its Shuttle services.

The London to Glasgow route will be made from Sunday, January 18, and will involve the 19.15 flight from Mondays to Fridays, and the 12.15 on Saturdays and Sundays in each direction.

On the London-Edinburgh route, the 13.40 Saturday flight will be cut from January 24, along with the 15.40 flight from Edinburgh to London.

On the London-Belfast route, the 8.30 Sunday flight will be dropped from January 25, while the 20.30 Belfast-London flight on Saturdays will be cut from January 24.

On the London-Manchester route, the Saturday northbound flight at 13.55 and the 15.20 southbound flights will be dropped from January 24.

A BA spokesman said: "We are tailoring our services to meet the demand, but we will be keeping the schedules under review."

## Satellite broadcasting paper due soon

BY ELAINE WILLIAMS

THE FUTURE of satellite broadcasting will be the subject of a further Government discussion paper early in the new year.

This follows publication earlier this year of a consultation document which called for submissions to the Home Office by broadcasters and equipment manufacturers.

The timing of the introduction of satellite broadcasting is likely to be a main issue raised in the paper.

Several organisations believe Britain should wait until the

1990s, when the second generation of direct broadcasting satellites will be available rather than participate from the beginning.

The BBC says this would court the danger of missing business and broadcasting opportunities, and has urged the Government to press ahead with a system by the mid-1980s.

Fears of "missing the boat" are based on the fact that France and West Germany are working on a joint programme to launch a satellite in three or four years' time.

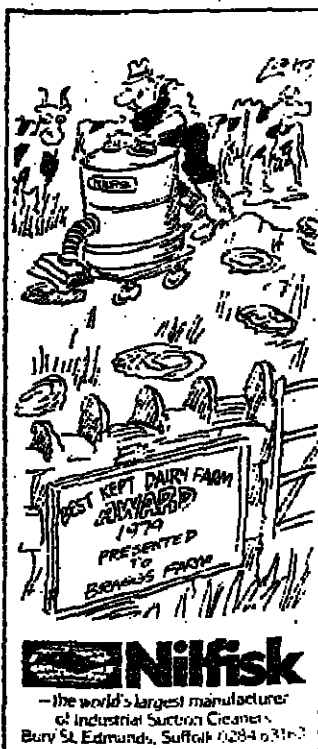
The BBC has said that it is willing to go ahead with direct broadcasting if it can obtain sufficient Government funding.

It has proposed to operate two independent national television channels. The first, provisionally called UK, would carry the best of BBC-1 and BBC-2 channels on a retimed schedule aimed at shift workers and others who are awake for long periods outside normal transmission times.

The second would be a pay-TV system costing subscribers about £1 a week in addition to the television licence fee.

Mr. George Howard, chairman of the BBC, said that it would be built round feature films, current events, popular and classical entertainment, additional sports coverage and successful television series.

To speed British entry to direct broadcasting the BBC has proposed an interim service through the prototype European satellites called L-sat. Britain is one of 17 countries funding the £87m L-sat project and provides 15 per cent of the finance.



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## Maternity benefit plans rejected

By Our Labour Staff

THE TUC has rejected Government proposals on maternity benefits.

In a reply to Mr. Patrick Jenkin, Social Services Secretary, published today, it said: "The Government seems more concerned with administrative savings and convenience than with the effects of changes upon the incomes and health and welfare of mothers and babies."

The TUC says the Government's consultative document "A fresh look at maternity benefits" would mean a diminution of the rights of women who go out to work.

Future changes in benefits should be considered "without prior restraint on total spending." Present benefits should be maintained and improved. The maternity grant should go up to £100 immediately and maternity pay should be extended from six weeks to 18 weeks.

The number of married women in jobs and paying national insurance contributions was increasing and spending on maternity provision had already been cut by the present Government.

The UK already compared badly in this respect with EEC countries, the TUC says.

## Uniroyal agreement

By Our Labour Staff

THE UNIROYAL tyre company has agreed in principle to set up a joint body with the General and Municipal Workers Union to examine investment policies, marketing and efficiency the union said yesterday.

The GMWU is the sole union representing process workers at the two Uniroyal plants.

Mr. David Warburton, the union's national officer for the rubber and chemicals industries, said the decision of the company to agree to formalise discussions was a breakthrough in the union's relations with the industry.

## Programme for the New Year

From the Director General, Institute of Directors

Sir,—At the beginning of the year you were good enough to publish a letter in which I attempted to highlight some of the most important areas for attention in the coming year by company Boards of directors.

At that time industrial relations questions were at the forefront. But in 1981 the prospect of continuing depressed trading conditions brings the need for a more wide-ranging scrutiny across all the activities of a company.

I would hope that in 1981 every company Board would hold a strategy meeting, with members of senior management present and senior management on the agenda, devoted entirely to planning for the economic upturn which can now be glimpsed on the horizon.

Fundamental to any such strategic planning is a thorough re-examination of the businesses and products in which the company is engaged, and a preparedness to allocate resources only to those operations which have long-term viability. Businesses which do not fit into the overall corporate strategy and products which are on the borderline should be pruned. They may well have a better future elsewhere. Buy-outs by existing management may often be feasible.

In this portfolio reshuffle the opportunity should be taken to search for new products, and new people, displaced by rapid economic change. The selective acquisition of skilled personnel makes particular sense at the moment, when "skill shortages" are disappearing. So does selective upgrading, through training, of the skills of existing employees.

Equally it is vital that the improvement in employee relations and the new mood of shop floor realism which the recession has generated is turned to a lasting advantage. Now is the time to get rid of restrictive practices, to re-examine and improve systems of employee communication and involvement in the business, realistic consultation systems and imaginative methods of financial participation for workers.

Many things will have changed when the upturn comes; one important general point which all boards should consider is that sterling's position as a petro-currency means an increased significance of non-price factors in the sale of British goods abroad.

Quality, design, reliability and delivery are becoming much more significant than price or even volume in a recessionary climate.

Boards must be prepared to move "up-market" in their product ranges. This should be tied in with a "technology audit" to

## More ports back seamen's strike call

BY PAULINE CLARK, LABOUR STAFF

BRITISH shipping, including cross channel ferry services, came under mounting threat of disruption yesterday when seamen's leaders in Southampton, Weymouth and Portsmouth joined Hull in calling for a national seamen's strike over pay.

The level of national support by seamen for an all-out strike remained uncertain yesterday, however, as local decisions on industrial action continued to have only a limited effect on British-crewed shipping traffic.

A meeting of seamen in Liverpool, meanwhile, stopped short of calling for a national strike yesterday although they pressed for an escalation of the lightning stoppages which began before Christmas.

But passenger car ferry services between Liverpool and Belfast were suspended for 48 hours from noon after 60 seamen from the Ulster Queen

voted to join action already taken by seamen on the P & O sister ship, the Ulster Princess. The National Union of Seamen said yesterday there was a "growing mood" among its 26,000 members involved for more industrial action, but pointed out that a national strike could only take place after a separate ballot.

Mr. Jim Slater, general secretary of the NUS, is expected to call an executive council meeting next week to decide how to respond to local votes taken this week on the issue, and after a further branch meeting of Dover seamen planned for next Monday.

So far the union has limited its response to a ballot rejection of a 10.5 per cent offer from employers to authorising local branch decisions on industrial action — including overtime

and "guerrilla" strikes. In Southampton, the decision by 180 branch representatives of some 2,000 seamen in the port mainly employed by Cunard was said to be unanimous.

On Monday a unanimous vote was also taken by representatives of 12,000 seamen in the union's Hull branch to call for a national strike as it felt local sporadic action had not been effective enough.

The General Council of British Shipping last weekend reiterated its view that the 10.5 per cent offer could not be improved without increasing the risk of losing more ships and more jobs.

It claims that seamen's leaders are pressing a demand for a 20 per cent increase in pay — including improvements in overtime rates — which it says British shipowners cannot afford in the face of growing

international competition. Ferry companies are adopting a wait and see attitude over the New Year holiday period. So far only the Liverpool P. and O. ferry crews have decided to disrupt holiday ferry services following the majority decision by seamen last week to allow ferries to operate normally until after the New Year.

British Rail's Sealink service said it had received no warnings from ports of any industrial action over the New Year period.

At Cardiff docks, four ships, including the 12,000-ton tanker the Texaco Gloucester, are held up by the action. A decision on whether to allow them to sail is unlikely to be taken before Friday when seamen in the port plan their next branch meeting.

## Labour HQ claim for parity goes to ACAS

By John Lloyd, Labour Correspondent

A CLAIM by Labour Party headquarters staff for parity with staff at the TUC is to be referred to the Advisory, Conciliation and Arbitration Service.

Negotiations between the joint trade union side and the management committee ended before Christmas with an agreement to refer the issue to ACAS. It is understood the dispute is as much between rival staff unions as between staff and management.

The staff are organised into three unions — the white collar section of the Transport and General Workers Union, the Association of Professional, Executive and Computer Staffs and the National Union of Journalists. The inter-union dispute concerns the TGWU and ACAS.

At the same time, the 137 staff are concerned that their salaries are as much as £1,500 lower than those paid to comparable grades at the TUC. They also point to a deal for department heads, negotiated under ACAS auspices two years ago, which gave them parity with their TUC equivalents.

## Union fights for 30 sacked clothing staff

A CLOTHING workers' union is taking a leading firm to an industrial tribunal for sacking its entire workforce without warning or pay.

The National Union of Tailors and Garment Workers are fighting to get money for the 30 workers at Challengere Bespoke Tailoring firm at Kettering, Northants, which was forced to close in July because of the recession.

Mr. Alan Garley, union organiser, said yesterday: "The workers were sacked without warning or pay. Under the rules they should have been given 30 days' notice of redundancy and 30 days' pay before being laid off." No date has been set for the hearing.

## Employers gloomy on jobs outlook

BY NICK GARNETT, LABOUR STAFF

CONSIDERABLY more than a third of 1,565 employers interviewed in a survey on jobs said they did not expect an improvement in job prospects during the next year.

The survey, carried out by Manpower, the work contractors, showed that 30 per cent of employers in the survey expected an improvement in employment prospects within the next six months, but only 6 per cent thought this would happen within the first quarter of next year.

Thirty-nine per cent believed any improvement in their

industries would not come before 1982.

Almost one in three employers (30 per cent) expect to reduce their workforces in the first three months of the New Year. This forecast is marginally more pessimistic than that for the last three months of this year, and is the gloomiest job cuts forecast since the Manpower survey started 14 years ago.

The forecast for the first quarter of 1980 showed that 14 per cent of employers expected workforce reductions.

The food, drink and catering

industries tend to be more optimistic about improving job prospects than other sectors. Heavy engineering and some public sector industries are the most pessimistic sectors.

In banking and finance, about 40 per cent of employers expect no improvements in employment until 1982. Only 3 per cent of public sector employers expect to increase staff in the New Year.

The survey shows that the latest decline in job prospects within service industries has been sharper than in manufacturing where the fall has

slowed slightly since the last quarter.

The proportion of companies in the service industries planning staff cuts has risen to 23 per cent, compared with 19 per cent last quarter and 12 per cent in the first quarter of this year.

About 6 per cent of manufacturing companies expect to increase staff, compared with 9 per cent last quarter and 32 per cent at this time last year.

Companies in the North West and North East, Scotland and the West Midlands are the most pessimistic about improving job prospects within the next three months.

## TUC to set up national education centre

BY OUR LABOUR EDITOR

THE TUC is to set up a national centre for trade union education, with £1m low-interest loans promised by the unions.

It is negotiating with Haringey Borough Council in North London to buy the Hornsey College of Art. The TUC intends to rebuild and furnish the college to provide accommodation for up to 60

students and teachers.

The TUC is one of the few national trade union federations without its own education centre. It spends about £1.5m a year on education—of which just under half is provided from public funds—training tutors, developing courses educating trade union officials and briefing shop stewards on what is happen-

ing in their industry or company.

A national centre will permit the TUC to concentrate some of its education work, presently spread among 180 colleges and about 300 courses, in one place.

The Haringey centre will cater for about 2,500 of the 40,000 officials and shop stewards who attend the

TUC's 10-day training programmes.

Loans from affiliated unions, which the TUC hopes to secure at 5 per cent under the Minimum Lending Rate, may not be enough to pay for the lease and conversion of the art college. The balance may be raised either from commercial loans or by inviting the unions to increase their subsidy.

## Letters to the Editor

There may be a short term drop in the rate of inflation by wage restraint but that won't last long and the spiral will continue in Britain for some years to come. It seems therefore that the Government will be on a hiding to nothing for some time yet and even a real reduction in minimum lending rate will only set off another speculative investment binge, particularly in property, to be followed by higher wage demands in two years' time.

P. E. Sutton,  
10 Oldbury Road,  
Enfield, Middlesex

## A living jig-saw

From Mr. A. Gray

Sir,—What some of us see is a jig-saw puzzle that is, in real terms, the financial life of the economy. Many more pieces remain to be slotted in place. Even at this stage one is moved to express the hope that the Chancellor of the Exchequer is attempting to develop policy measures which will effectively shape this living and moving jig-saw of the financial economy into a creature that is beautiful and healthy rather than into one which is under-nourished, crippled and ugly.

Statistics show that debt service costs on the aggregated housing revenue account comprise 57 per cent of total expenditure, while Government subsidies represent 43 per cent of total income. Since local authority debt, for reasons of maintaining confidence in the system, must be viewed as being ultimately under-written by central authorities the net analysis is that central government by a mere book-keeping entry pays, through the subsidies, the bulk of the debt interest charges. Under no circumstances can local authorities be viewed as being in a sound financial position because rent income is only 40 per cent of total income, which either means that the whole amount goes towards debt interest charges leaving no real income to pay housing maintenance costs or alternatively the rental income is used to pay maintenance costs but pays none of the debt interest charges.

Under this analysis one wonders whether rent increases, of whatever magnitude, are really sufficient to deal with the scale of the problem bearing in mind the existence of the rent rebate system and the growing problem of rent arrears.

It is certainly true in this context that high interest rates make the situation worse not better. Index-linked funding bears little or no relation to a true solution to a problem which has its roots in the enormous volume of extant borrowings by the whole public sector.

Economic policy (ie substantial long-term reductions in public expenditure) which has the effect of increasing unemployment is not a viable solution for the real reduction of outstanding public debts. Real in this context may be taken to mean repayment of those debts.

If at this point it came to be reported that cries of despair had been heard emanating from No. 11 Downing Street it would hardly be surprising if only for the reason that the main implication to be drawn from the jig-saw puzzle so far partially completed comes out as the need for substantially higher Government revenues.

Is anybody holding the piece which shows how to increase revenue without making the situation even worse?

Adrian Gray,  
31, Russell Road,  
Wimbledon, S.W.19.

## Selling off the business

From Mr. C. Harley

Sir,—It seems odd to suggest selling profitable bits of the nationalised industries in order to pay wages in the unprofitable portions. A more beneficial course would be to remove the latter permanently from the realm of public competition.

The best way to achieve this is to reconstitute the Boards of all the nationalised industries conclusively and equally of the workers in, and customers of, the industry concerned. Then the workers could decide what services or products they are prepared to provide and at what cost and the customers can decide whether that price should be paid. The presently profitable portions ought to be retained to help fund the rest.

But there should be no more Government subsidies or guarantees.

C. S. Harley,  
52, Rodney Street,  
Liverpool 1.

## Personal tax allowances

From Mr. B. Weigold

Sir,—After so many letters on personal tax allowances it was a pleasure to read Mr. Brooks' (December 22).

The letter was clearly reasoned and the final sentence gave the only sensible and unprejudiced solution offered to date. A simple solution, furthermore, that avoids the completely unjustifiable distinction between so-called earned and unearned income.

Brenton M. Weigold,  
11, Mills Way,  
Brentwood, Essex.

## Option mortgage schemes

From the Managing Director, Tax File

Sir,—In these difficult times the self-employed should carefully consider the cash-flow benefits of the option mortgage scheme. Normally, due to their method of paying income tax, they have to wait a year or more to benefit from the tax relief on interest on their home mortgage payments. If the self-employed person is not paying higher than basic rate tax (currently 30 per cent) he should

consider taking out any new mortgage as an option mortgage.

There are circumstances where someone can, during the life of a mortgage, change to an option mortgage but this would need a degree of hardship caused by, say, incapacity or retirement. Building societies have recently been given more discretion in this field so an approach could be helpful.

Option mortgages are normally used by people with little or no income because they cannot take advantage of any or all tax relief available. These people make an actual cash saving with an option mortgage because they pay a lower rate of interest and the Government pays the subsidy to the lender. For example, on a repayment mortgage, the current option mortgage subsidy of 4.5 per cent means a mortgage interest rate of 10.5 per cent instead of 15 per cent. The subsidy is reduced from 4.5 per cent to 4.25 per cent on endowment mortgages.

If the current interest rate paid for a mortgage is more than 15 per cent, the subsidy does not increase above 4.5 per cent so this point needs careful attention. For anyone paying above basic rate tax, option mortgages are disadvantageous, of course.

The self-employed may not save money by switching to an option mortgage, but could improve their cash flow by several hundred pounds a year by taking the 4.5 per cent subsidy many months earlier than if they were related to their income tax payments. A change can be made only once in the life of a mortgage. So a change must make long-term as well as short-term sense.

The recently-announced drop in the mortgage interest rate to 14 per cent means the saving on the option mortgage will be reduced from 4.5 per cent to approximately 4.1 per cent.

Dennis J. Fowle,  
Tax File,  
4 Valentine Place,  
S.E.1.

## Trying to get a discount

From Mr. A. Elliot

Sir,—The Government tells us it wants to help small businesses. I believe this is largely talk. Let me give one example. I understand the Post Office gives discounts of approximately 50 per cent to large mail order customers. Not only that, but I understand it also lends workers to these companies to help them with their parcels. This is done at taxpayers' expense, of course.

It doesn't suit our organisation to make special forward contracts with the Post Office but if I tried to buy £5,000 worth of stamps at a time, it will not allow me even a 1 per cent discount. When Government and Post Offices tell us they are trying to help the small

## LOMBARD

# The joys of ambiguity

BY PETER RIDDELL

"In England we never entirely mean what we say, do we? Do I mean that? Not entirely. And logically it follows that when we say we don't mean what we say, only then are we entirely serious."

Alan Bennett.

Not all politicians aspire to these heights of ambiguity, though Lord Butler did in his prime, and Mr. John Biffen is practising hard at present. There is certainly no shortage of official pronouncements whose meaning is double-edged. As Mr. Bennett pointed out in his play, "an institution you can name but the choice is laden with irony." In many cases the irony is presumably not intended by the speaker or writer, though one can never tell in some cases. Here are a few familiar examples with, I hope, suitably unambiguous translations:—

## Old-fashioned

"On the whole we have an old-fashioned prejudice in favour of an annual Budget." (Mr. Nigel Lawson, August 1980, after the 5 per cent jump in the money supply.) Translation: "We do not want to do anything now, so you will have to wait until November for the usual half-yearly mini-Budget."

"The Industry Act (1975) requires the Government to publish economic forecasts twice yearly." (The Government's monetary policy in the preface to the forecasts published in November.) Translation: "We wish we didn't have to publish these forecasts. Some of us don't believe in the conventional Keynesian forecasting techniques of the Treasury economists." (The uncertain science of economic futurology.) (John Biffen.) We all believe that it can be very politically damaging to publish all this gloom and doom even though the projections have often turned out to be too optimistic. But we are forced to publish the damn figures because it would cause too much of a row to amend the Industry Act now. At least Perry Barrow has made the summer of the forecasts reasonably lucid and sensible.

"Punk monetarism." (Mr. Denis Healey from May, 1979, onwards.) Translation: "The

best way of ensuring that every one forgets that I introduced monetary targets and that I successfully pursued a tight money policy is to create a smoke screen by accusing the Government of being extremist." (An alternative approach, suggested by Mr. Peter Shore and others, is completely to forget that the last Labour Government ever had a monetary target.)

"The Bank of England announces the issue by tender of Her Majesty's Treasury of £100 million of... Translation: "Buddy (the Prudential, the Legal and General, etc.) can you spare a dime (or preferably several) so we can 'burden' our grand children with vast debt interest payments."

"The Bank of England announces that, with the approval of the Chancellor of the Exchequer, they have decided to... Translation: "after the usual blarney, less deviousness and dithering the Bank/Treasury (delete which is not applicable) have been dragged kicking and screaming to agree on the lowest common denominator of change."

Not a clue

"The Budget will be designed to ensure that the thrust of the medium-term financial strategy is maintained." (Sir Geoffrey Howe, November 24.) Translation: "We haven't a clue where we are now. Public sector borrowing and the rate of monetary growth are both well over target, and there is no chance of getting back to the levels implied by the medium-term strategy either this year or next. But give us a few months' breathing space and we will try to come up with something more plausible by the time of the spring Budget."

"Three years of unparalleled austerity." (Mr. John Biffen, January, 1980.) Translation: as an aspiring master of irony Mr. Biffen, of course, meant what he said. Indeed he has claimed that it was absolutely vital to show "that the measures the Government had in mind against the background of low growth were politically quite a daunting task." Don't say you were not warned.

● The name of author Paul Riddell was misspelled in yesterday's article.

women like Barbara Castle and Mrs. Wilmie Ewing whose personal sovereignty ideas remain on a "less than Europe, or the world" scale and with all this potential sabotaging inclination on hand it will be a waste if we ever achieve the original bright federal goal of the architects of the Treaty of Rome!

Let's face the fact that Mr. Jenkins has not pushed the EEC on into the federal future as hard as he might have done but he has at least "mentioned" the aim of creating a single European currency which has kept unity hopes alive because political unity must surely precede currency unity, May the next President do better! E. G. Macfarlane,  
108 Forthill Road,  
Broughty Ferry.

## Success story

From Mr. R. Clegg

Sir,—A fundamental difference between the recessions of 1930 and 1980, seldom mentioned, is the state of farming then and now.

In 1930 the farming industry was flat on its back. For farmers survival was success. On the other hand, agriculture in 1980 is apparently one of a few successful and efficient industries and could be a rock on which recovery can be built. It is also an industry of individuals, gaffers and workers — where union influence is minimal.

R. A. Clegg,  
Ridlesworth Investments,  
6, Hildridge Road,  
Hornning, Norfolk.

## Advertising on stamps

From Mr. I. Beveridge

Sir,—Mention in Men and Matters (December 23) of possible advertising space on American postage stamps prompts me to ask why we do not have two distinct types of postage stamp?

One would correspond to the range of ordinary second-class mail. The other would be a range of stamps to be added for first-class mail. Stamps in this range need not bear the Queen's Head, could, therefore, carry advertising matter, need not show a price but need only show the maximum weight for which they would be valid and could be bought at any time at current rates.

The cost of these first-class additions could be changed without notice, any loss to the Treasury by sales in advance of changes being at least partly offset by interest. Metered mail could proceed as at present.

Jan S. Beveridge,  
20 Hallside Road,  
Edinburgh.



# MANAGEMENT

BUSINESS PROBLEMS  
BY OUR LEGAL STAFF

## Foreign cheques

With reference to the reply which appeared in *Business Problems* on December 19 last under the heading "Foreign Cheques" we are advised that at the present time if a customer has a foreign currency account with a clearing bank in the UK he is quite free to draw cheques in the normal way in the denominated currency of that account. There is nothing to stop a customer with a sterling account drawing a cheque made out in foreign currency although this might lead to problems in having that cheque accepted and cleared.

## Illegal deposits

I propose to open an accommodation agency, and charge the tenant only if I am successful in giving him accommodation. Is it legal to charge him a returnable deposit, before viewing? I.e., equivalent of one week's rent? Do I have to register a name?

What you propose as to deposits would be illegal. The fee must be made payable only if the tenant is granted a tenancy (and not before—whether returnable or not). You do not have to register except insofar as you wish to use a name registrable under the Registration of Business Names Act 1916.

## Oppressed shareholders

I understand that Section 222(f) Companies Act allows minority shareholders in companies to seek a distribution of assets of a going concern if there is no alternative to realising their investment. Does this apply to private property investment companies or does this clause relate to trading companies? Section 222 (f) of the Companies Act 1948 does not have quite the effect which you wish. It enables a company to be wound up on just and equitable grounds. Section 210 applies to oppression of minority shareholders; but both sections have limited application, as they have been interpreted by the courts. Both sections apply to all companies.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

# A radical success in the Street of Gloom

Jimmy Burns reports on London's weekly magazine, Time Out



Eric Read, John Fordham and Tony Elliott with the proofs of the December 11 issue. John Lennon's death became known on the morning of December 9, and a substitute cover and four additional pages were prepared and published in the interim.

IT HAS been a bad 12 months for British newspapers and magazines: soaring production costs, declining advertising revenues, strikes, and in the case of one of Britain's most established newspapers—*The Times*—threatened closure and impending sale.

*Time Out*, London's weekly magazine, lays claim to being an exception. Interim figures just released show that in the first half of 1980 circulation increased by a staggering 20 per cent to 78,827; as a result of a promotion drive last autumn, the figure is forecast to level out at the current level of just under 83,000. This represents a 50 per cent increase in circulation over the last three years, making *Time Out* one of the best selling weekly magazines, not just in London but the whole of the UK.

*Time Out's* advertising revenue increased from £797,000 to £1.4m between January and June, an improvement which contrasts with the average plight faced by the majority of Britain's weekly publications.

The man at the centre of this success story conveys an image which is far removed from the haggard and rather ruthless personalities which tend to inhabit the higher reaches of the newspaper world. Tony Elliott, *Time Out's* 33-year-old publisher and proprietor, looks and acts 10 years younger than his age. Far from weathered by his experience, Elliott seems to have been somewhat confused by it. His boyish charm betrays a naïveté if not total disrespect for some of the more tested guidelines of orthodox management.

During an interview, shielded behind his rather more serious financial controller, Eric Read, formerly of accountants Price Waterhouse, Elliott suggested I should take a look at his company's accounts as he was not sure how much he earned. "I think I earn about 20 to 25 'grand'..." Elliott said. "No, you don't," said Read, glaring somewhat uncomfortably over his company's hidden facts and figures. "You earn £10,000," it is unclear whether even the higher figure includes Elliott's "take" from *Time Out's* profit: he states profits as £100,000.

Elliott's apparently chaotic business sense is all the more surprising when one is reminded of *Time Out's* short

but dramatic rise to success.

In 1968, Elliott was a bored and frustrated undergraduate at Keele University, looking and acting no too differently from the thousands of other British and European students then caught up in the maelstrom of revolutionary politics and hallucinations.

He shared with a proportion of this generation a middle-class background and a British public school education, and a certain disdain for what both expected of him.

Elliott has said that he did what he did out of frustration at not being able to find out about the things that most interested him. He took over the editorship of the university newspaper, but decided that this was not enough. "He wanted to find out about London," says John Fordham, *Time Out's* present editor, who was at university with him.

Lectures at Keele seemed out of touch with the cultural and political trends that were then sweeping Europe and the U.S., and which were being so vividly reflected in the British capital.

With the help of his mother, his girl friend, and a fellow undergraduate, Elliott collected

£70, and spent it on producing a poorly stencilled four-page poster guide to "alternative" events in London. A first issue dealt mainly with rock music, concerts and "fringe" theatre.

The project turned out to be an instant success: a first run of the "guide" sold 5,000 copies, without the help of either advertising or organised distribution. Elliott, his mother, and two friends, soon found themselves with the conviction of having struck a potential gold mine.

Twelve years later the embryonic *Time Out* has developed into an organisation employing over 60 staff and with a turnover of around £2.2m.

Elliott is self-effacing when it comes to describing his own part in creating the magazine, apart from reminding one that it was his idea that got *Time Out* off the ground in the first place. And in the idea, Elliott appears to have perfectly seized the business potential of a young generation: one of consumers and of innovators.

Elliott claims that *Time Out* has developed its own editorial personality without any interference from him. He does not, for example, attend editorial conferences on the eve of publi-

cation, even though he is aware that his political views do not always coincide with the largely left-wing stance of his staff.

Over the years *Time Out's* contents have been extended to include a section of news coverage which has much more in common with some of Britain's less official and successful magazines than with the more liberal newspapers along Fleet Street. *Time Out's* more spectacular stories have included an exposé of CIA operations in London, and an exclusive interview with one of the country's most wanted criminals.

## Intolerance

"There's nothing like a good 'scoop'," says Elliott with a mischievous glint in his eyes. Yet he does not pretend to have the same kind of political commitment as his staff, at least one of whom is a member of the British Communist Party. "I find intolerance on either side of society unacceptable," declares Elliott, and he adds that some of *Time Out's* journalists tend to be rather "hysterical" at times.

He continues to exercise his right, as the founder of the

magazine, in dismissing and appointing his editors. On the other hand his staff enjoy their own kind of power; at one stage they forced Elliott to sack his girl friend soon after he had appointed her to a top editorial post.

Such editorial compliance is somewhat incongruous given the fact that *Time Out's* shares, and its overall managerial control, remain firmly in Elliott's hands. There has never been any attempt to hand over financial control to the staff and turn *Time Out* into a co-operative.

Arguably *Time Out's* basic appeal has less to do with its few pages of news than with the bulk of its contents, still essentially concerned with telling what is going on in London. Its survival stems from the fact that in London there continues to be nothing quite like it.

The magazine's clearest edge over its closest rival, *What's On*, lies perhaps in its political spirit, expressed as much in its items as in its listing of more avant-garde entertainments.

An attempt to start up a version of *Time Out* in New York in 1978 never got off the

ground. After an initial investment of £25,000, Elliott backed out when he failed to meet the advertising revenue targets he had set himself for the first year basis. In England, another *Time Out* "spin-off," a consumer magazine called *Sell-Out*, ran for six issues and then folded.

In retrospect the Manhattan failure is blamed on a mixture of lack of both funds and forward planning. "New Yorkers are very conservative," says Elliott. Critics blame Elliott himself. They hint that *Time Out's* founder may have had the good fortune to hit on one good idea in his life, and that this has made up for his own lack of managerial clout, skills, or further inspiration.

However there are indications that *Time Out's* widening readership, coupled with the experience of failure, may have prompted Elliott into a somewhat more market-orientated approach to his world. Over the past two years, advertising has been one area where Elliott has shown a tendency to impose his views over the political ideas of his staff.

Glossy advertising of cigarettes and drink based on scantily dressed models in seductive poses were printed only after considerable argument between Elliott and some of his journalists. And both sides continue to be divided.

John Fordham, the editor, wants some of the "sexist" advertising to be dropped altogether, since it contradicts articles in favour of women's rights which appear in *Time Out*.

Another area where Elliott's obvious desire to build on his success and to strengthen his company's assets appears to be conflicting with his mainly left-wing staff is on the sensitive issue of salary structures.

In Fleet Street terms, *Time Out* has been unique in more ways than one, and nowhere more so than in the system of parity wages which applies to most of the staff. With the exception of the editor, the management board, and Elliott himself, journalists, switchboard operators, secretaries, and messenger boys all earn approximately £8,500 a year each.

Elliott's view is that the system has "outlived its usefulness." While it may have con-

tributed towards an element of philosophical cohesion in the early days, it has put a brake on the employment of new staff, particularly on a temporary basis. "We can't go on being a successful company unless we change it," he insists.

Journalists on *Time Out* disagree. They claim that even from a management perspective parity contributes to more stable industrial relations and is therefore a cost-saver.

"Unlike journalists working for other organisations, we don't spend our time spying on what we're each earning and defending our own patches. We just concentrate on our work," says a member of the editorial staff.

The staff has, in fact, not provoked a strike in two and a-half years.

"There is a strong collaborative feeling which contributes towards a feeling of loyalty to the magazine. We therefore think very seriously before provoking stoppages," says John Fordham.

## Tycoon

Despite the rumblings of discontent which now echo through *Time Out's* ramshackle headquarters in Covent Garden, management shares the view that the disagreement will not develop into a full-scale war, not yet, at least.

"*Time Out* is still small enough for management and journalists to speak and listen to each other," says Eric Read.

The last word, however, must be with Elliott. He himself believes that the prospect of a decline in advertising revenue in 1981 may lead to a period of retrenchment. But he adds, with youthful gusto, that he has "absolutely no intention of getting rid of *Time Out*. More over he will continue to assure its independence by resisting the approaches of the publishing tycoons."

Indeed he appears optimistic that *Time Out*, with its peculiar brand of eccentricity, increasingly pragmatic management, and radical editorial, will remain successful. Other more conservative, less flexible titles will disappear.

"I want to be here in five years' time and be able to tell you we have survived, even though everybody else has died."

# Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

## Correct weight of fibres ensured

ONE OF the most expensive items in the textile trade today is the fibres it uses. Cost of these has risen astronomically over the past few years and continue on an upward spiral. Unfortunately textile processing has been bounding ahead in terms of production speeds so that in the event of a variation happening during processing this can very quickly become a most serious matter. Maximum processing control is needed.

Nowhere is this more apparent than in non-wovens manufacture where a very even web is usually demanded by subsequent processes. But the same applies to say woolen and worsted manufacture which are based on one of the most expensive of all fibres: wool.

A persisting problem in carding the fibres to make them either into a web or a sliver before being made into non-woven fabrics or spun yarns, has been the variation in linear weight of the fibres coming from the card.

When a variation has been detected it is usually too late to make anything but a short-term correction. This causes irregularities and can be wasteful of raw materials. Feed into the cards must be as even and as regular as possible so that subsequent adjustments will not be necessary.

Two main feed systems to cards are used. The first is the traditional volumetric weighing hopper which takes an amount of fibre into a feeder and then,

when this reaches a certain volume it opens and drops a dollop of fibres at the rear feed of the card. Variations are hard to prevent.

The chute feed is based on maintaining a certain level of fibres in a column across the entire width of the back of the machine. This too can lead to certain irregularities.

Now a new approach based on chip technology, has been developed commercially in Yorkshire by Halcrow-Chadwick of Marsh Mills, Cleckheaton BD19 6BQ (0274 870321).

Called the Microweigh it is a weigh-pan that is pneumatically controlled but which is constantly monitored for its weight by a strain gauge. When a predetermined weight is reached the feed into the pan is stopped and there is a pause to allow any floating fibres to drop into the pan. The micro-processor then automatically registers the weight and allows the pan to deliver its drop.

With this new system it is possible to make as many as six or even more drops per minute, compared with four of the old system. But what is particularly important is that the weight dropped is measured and compared with that desired and should there be any variation from the norm a correction is made for the next drop.

It is claimed that with this high-speed system production increases of as much as 100 per cent can be achieved, while the feed weights can be held to within  $\pm 1.0$  per cent.

## Inserts the chips

VERO SYSTEMS (Electronic) of Sholing, Southampton (0703 440611) is offering a fully automatic insertion machine for dual in-line packages (DIP) which can operate at up to 3,600 components per hour.

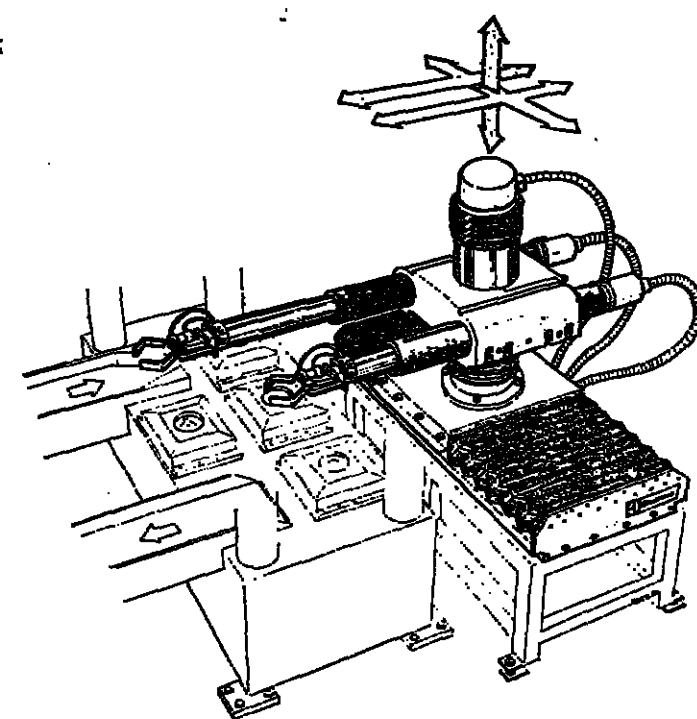
The machine is controlled by a free-standing microcomputer system which can be programmed by paper tape or disc, depending on the degree of versatility needed. CS301 DF describes the more sophisticated version and this is provided with a keyboard/printer, enabling program changes and copying to be

easily affected on line. Sequencing of the various integrated circuits is accomplished off-line by a separate automatic sequencer which loads the DIP tube carriers with pre-sequenced packages. Loaded DIP tubes are exchanged for empty ones while a computer buffer store maintains machine operation.

This approach of relegating automatic sequencing to a separate option has kept the cost down. The basic machine costs only £11,000 making it the most cost effective inserter available according to the company.

# Another British entrant in the robot race

BY ALAN CANE



HALL AUTOMATION (now part of the General Electric Company) remained unchanged for years as the UK's sole manufacturer of programmable, general purpose robots. To be sure, other companies were building devices that could loosely be placed in that category, but when Ingersoll Engineers produced its report on industrial robots earlier this year, it was able to identify only three other manufacturers: Taylor Hitec, which built special purpose robots for undersea and nuclear applications, Harwell which built devices for handling radioactive substances, and Telebolist, makers of servo arms for machine loading.

Now the UK situation seems to be changing for the better, even if slowly. Hall has now been joined by Pendar Technical Associates, a high technology engineering company, in the market place for general purpose robots. It is marketing a device called the "Placemate."

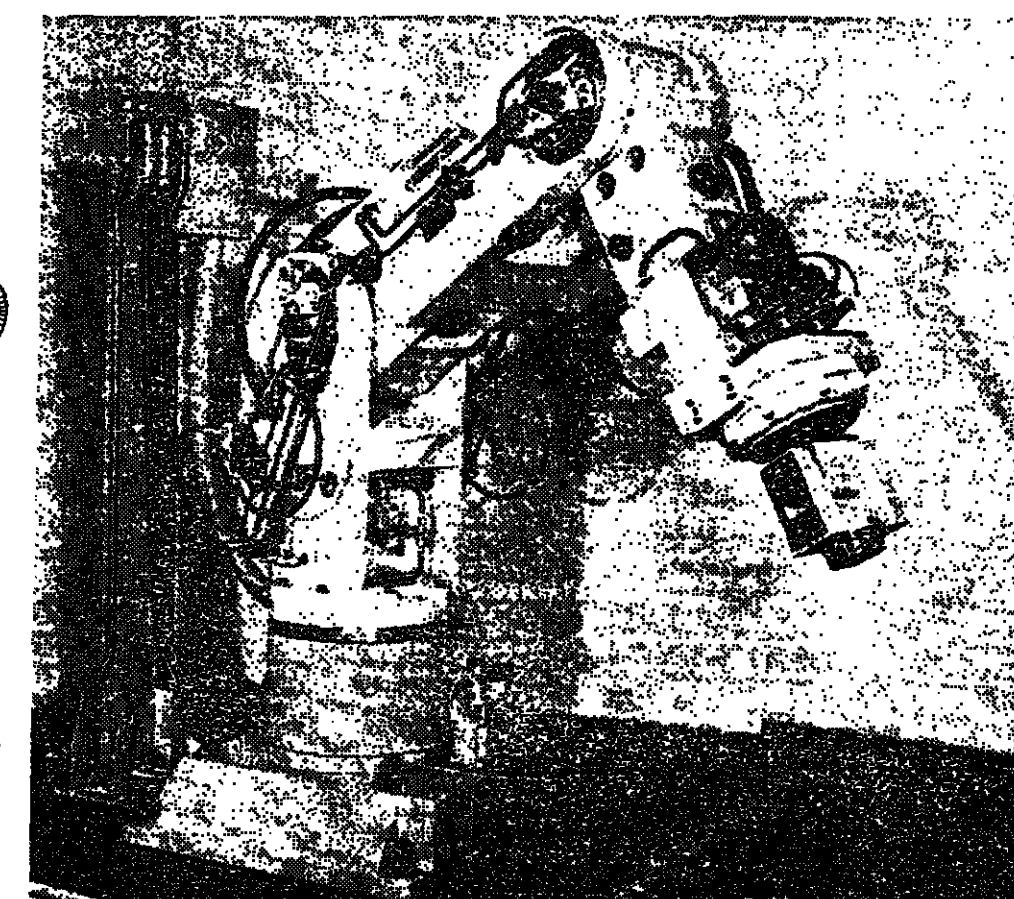
The new robot is doubly interesting because it seems to be a genuine example of fruitful collaboration between an industrial company and a university.

The "Placemate" was developed at the University of Surrey by Paul Dragan and his group in the Department of Mechanical Engineering.

Pendar, a small (25 people) high technology (a good percentage of the staff are university-trained and two of the directors have PhDs) were looking earlier this year for a new product to exploit.

Dr. Rick Ballard, Pendar's managing director, says he became aware of the Surrey project in the course of a series of university visits. It was ideal for his purpose, small, light, cheap and with enough final development work to be carried out to make it a worthwhile investment for Pendar.

In fact, Pendar has been working on the robot for only six months; it is a pick and place machine "for light industrial handling—it would not be suitable, for example, for the kind of major assembly line work



Allen robots: new industrial robot from Electrolux, left, Renault production line device, above.

carried out on the Mini Metro by Unimate robots, products of one of the leading U.S. robot builders.

The "Placemate" does fulfill, however, one of the chief recommendations of the Ingersoll report—the development of robots of relatively low accuracy to be used for materials handling applications.

Each "Placemate" device costs only £12,500, compared with, say, £20,000 for a Unimate "Puma".

Low accuracy means the robot will place the load to within 1 mm of the intended position; the "Placemate" is controlled

entirely by software. For higher accuracy, say to 0.1 mm, other manufacturers use mechanical stops, according to Dr. Ballard.

The robot is pneumatically operated, controlled by micro-computer and is taught its work cycle by physically taking it through the intended manufacturing process by hand, registering each individual location on a hand-held key pad.

According to Pendar: "Software facilities exist for teaching subsidiary work cycles within a main work cycle as would be encountered in palletising applications, and for the easy incorporation of input and out-

put interrupts in the sequence of operations."

The robot is lightweight, may be mounted on wheels and for power requires only a 13 amp, 230 volt power supply and a standard 90 pounds per square inch air line.

Dr. Ballard is enthusiastic about the possibilities of industry reaping benefits from work going on in the universities: "They are ideal places for new products." Pendar will tell you more about its new robot on 0278 58888.

But there should be no complacency about these first signs

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of a resurgence in UK robot building. The competition is already way ahead; Systec Consultants, for example, suggested earlier this year that there were already 1,200 robots in Sweden and there would be 3,000 by 1985.

By comparison, the best figures suggest that by 1978, the UK had installed only about 120 robots.

The kind of robot now being developed in Sweden is exemplified by a new device being marketed by Electrolux Industrial Systems, a major manufacturer of robots in Sweden.

It is built up of modules from the existing MTU-Linur system, has a stroke with a stroke length of 50 centimetres mounted on a column which can be vertically adjusted from 0.15 centimetres.

The arms move at a maximum speed of 100 centimetres a second and handle up to five kilograms with a positioning accuracy of 0.1 millimetres.

Like the "Placemate" the new Electrolux robot is driven by compressed air and is controlled by a microprocessor based control system.

Electrolux intend the robot to be used for handling workpieces in presses, moving components in and out of measuring devices, selection of components from a twin set of conveyors and other fast materials handling involving a complete work cycle of less than seven seconds.

The specification could have been written from the Ingersoll report which said: "There is probably a substantial market for relatively low accuracy robots with computer control for material handling tasks not related to precision machinery." Electrolux is on 08-730 51 25 in Solna, Sweden.

## NEWS IN BRIEF

### FAULT FINDER

A POCKET sized tester developed by Trend Communications is said to reduce the time and costs involved in identifying faults in computer and teleprinter terminals.

The tester, named the BOB-1 V24 Terminal Interface Activity Tester can be connected between the data communication

equipment of modem and the data terminal where it enables the user to locate sources of trouble between the two sides of the circuitry. It can also be used to monitor V24 signals.

The passage of a signal is indicated by light emitting diodes; sets of jump leads are provided with the tester which costs £95.00 ex VAT. Trend is on 08285 24977.

### CAPACITORS

A RANGE of multilayer ceramic capacitors for decoupling or bypassing applications in electronic circuits has been announced by ITC Electronic Services.

The capacitors remove unwanted high frequency transients to the ground plane at the frequencies used in

microprocessor and memory circuits, multilayer ceramic capacitors of the kind exemplified in the new range are far superior to wound film capacitors, ITC says.

The new capacitors are rated at 50 volts and can replace 63 volt devices. Free application booklet and more information from ITC on 0279 28811.

### COMPONENTS

SILICONIX has introduced two new low cost CMOS power FETs, the silicon chips which interface between low power logic circuitry and the real world of high currents and voltages.

The new chips, the VK1010 and VK1011, are capable of

handling peak currents of up to one ampere and blocking voltages of up to 100 volts and 30 volts respectively.

Siliconix says freedom from secondary breakdown and thermal runaway gives these chips the advantage over their counterparts implemented in bipolar technology. Siliconix is on 0792 74981.



## Kybo best bet in Colt's big race at Cheltenham

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**TYNE TEE**

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Life 10.30 North-  
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THE ARTS

Television

# Not many plums in the pudding

by CHRIS DUNKLEY

The last year of the decade (a new decade starts tomorrow, the first of the Christian era having ended on December 31, 10 AD) was not a vintage one for television. There were of course some good programmes: *Public School* comes to mind, and an oddity from Granada called *The All-American All-Nite Show*, and BBC's *Not The Nine O'Clock News*, for instance—more about those in a moment.

But since British television now transmits some 12,000 hours of programmes in a year it would be surprising if there wasn't the occasional good one. What is rather distressing and ominous is that the number of high quality programmes seems to be dropping more than a fixed number of truly gifted programme makers.

But if that is so, the prospects for Channel 4—which we learned in the autumn, is to be run by two excellent programme makers—turned—executives, Jeremy Isaacs and Paul Bonner—must surely be rather dismal since it will stretch the finite supply of talent thinner than ever. If it is argued that that is not so, and that plenty of fresh expertise can be found to supply a whole new channel (and soon after that, breakfast television, too) one is surely justified in asking why some of it hasn't been employed earlier in improving or replacing a lot of the rubbish currently on offer.

Looking first of all at broad trends, 1980 seems to me to have been a year in which television has become more certain than ever that series and serial production is its true métier.

It has been a good year for documentary series, a modest year for drama series, and a poor year for the single play.

The chat show has not just prospered but has increased exponentially and spread into more and more areas.

On the other hand, fiction, the often uneasy marriage of fact and fiction, has not expanded at the rate feared by its greatest detractors, though it certainly has not disappeared.

Good regular current affairs series seemed fewer and further between in 1980 than in (say) 1965.

There were many more tatty plastic all-time ghastly boobies than in an average year.

The year began with a wonderful factual series from Thames TV called *Hollywood* which even opened the eyes of

some of us who thought we knew quite a lot about the silent cinema. It left a painful and so far unfulfilled desire to see television broadcasting in full some of the tantalisingly glimpsed marvels of the silent era, but it did fulfil its self-appointed task of charting the development of Hollywood—industry, town and myth—superbly well.

The same spring season brought one of the most detailed and informative documentary series about foreign countries which I can remember: BBC's *Inside Japan*, which took on a place we once thought utterly mysterious and have lately characterised as a pool of cheap and docile labour, and showed how wrong both preconceptions were.

Later in the summer BBC 2 brought even more remote locations and exotic customs into our homes with the series *Last Place on Earth*; *Zanzibar* which looked breathtakingly beautiful. The series described a social system which on first acquaintance seemed simpler and—measured by crime rates and happiness—more successful than our own. But slowly (it seemed almost against the will of the programme makers) a sinister feel of medieval ethics and practices emerged.

Most remarkable of all, the documentary series in the first half of the year was an addition to the BBC's admirable body of work exploring the workings of institutions from the inside: after *Sailor* and *Hospital* we were shown *Public School*, and the outrage of critics and commentators who had acclaimed the earlier works knew no bounds. To their fury the school series did not show all public schoolboys as chineless, brainless, rich poofballs but as the mixture, often rather impressive, which they really are. The year ended with yet another such series, *Straneways*, which did just as tellingly for a prison what the earlier work did for a school.

Much more patchy was the series *Great Railway Journeys of the World* which ended up, sad to say, looking like what it was: a series inspired by the sales arm of the BBC. No doubt it will sell its seven parts around the world because of the wide distribution of the journeys. But if good and gripping programmes are your aim there is no substitute for starting with the passionate commitment of the programme maker. Start instead with an idea, however good, from the sales force and anything excellent you happen to get will be fortuitous. In this series they

hit lucky with *Decean* in which magic occurred between the traveller (Brian Thompson) and the area (southern India) and seeped out enchantingly all over the screen. The others were mostly very ordinary.

There were two valuable series about art, both once again from the BBC. *The Shock of the New* suffered a little from being, on seeming to be, a set of written theses with added illustration, fascinatingly written but still based more firmly in the world of letters than that of moving pictures. Robert Hughes was refreshingly disrespectful however about the idols of modern art. *100 Great Paintings*, each to be given 10 minutes in separate little programmes, was a bright idea which is still proving fascinating.

If obliged to choose the year's three best single documentaries I would nominate Richard Mabey's lyrical yet highly informative *World About Us*, the *Flowering of Britain*, Jonathan Dimbleby's *In Evidence*—*The Bomb* made by Yorkshire, and Tony Smith's masterly analysis of trends in mass communication *Goodbye Gutenberg*.

In drama there were fewer series or serials to savour, though Jonathan Powell continued his extraordinary run of success with a delightful *Pride and Prejudice* in the spring, while Thames offered a starkly contrasting social, historical and geographical background to family affairs in *For*. This saga of a London godfather deteriorated rather fast, even its London locations seeming to lose their vividness.

In the autumn Thames ventured to the other extreme with *Lose in a Cold Climate*, combining both of Nancy Mitford's "Love" novels in one serial adaptation. But a complete lack of sympathy with the Mitford sense of humour (seemingly) left a stark picture of the English country set, and pretty unimpressive it has been.

Two productions not far removed from soap opera have proved more engrossing: *Blind Ambition*, imported from the U.S. and telling the Watergate story yet again but, astonishingly, without ever becoming tedious; and *To Serve Them All My Days*, the endless saga of a mineworker's socialist son teaching in a public school, which is still in the process of proving—if further proof is needed—that literature from the top of the second division television's best adaptation fodder.

In drama, too triumphs in the single programme format were rare, this year's first really notable offering being *Blade On*

the Feather from London Weekend in October. A nice pastiche of both the Christie country house murder and the Le Carré spy thriller, it came perilously close to dazzling the viewer with the high gloss of its production values. But at least it had a strong and wholly comprehensible plot which is more than could be said for the other two works in the Dennis Potter trilogy.

Three other memorable plays have come from the BBC in the last few weeks: *The Happy Autumn Fields*, a poignantly evocative fantasy about Victorian social solidarity; *My Dear Palestrina* which employed sentiment but virtually no syrup in observing a boy growing up; and *Minor Complications* which starred Paolo Bonolis in a magnificent performance as the wronged hospital patient. This work was one of several contributions to a healthy and invigorating, though clearly unorganised, attack on the mystery and obscurantism of many medicals which television and radio mounted in such programmes as *Pamorama* and *The Reith Lectures* in 1980.

The slow and hitherto somewhat dreary progress of the BBC's Shakespeare marathon was given a mighty shove in October when the first work under the new producer, Jonathan Miller, turned out to be a striking version of *Taming of the Shrew* with John Cleese cast unpredictably as Petruchio.

Faction worked badly when the action sought to exploit fact (*Fay Weldon with Life for Christine*) and much better when drama was the hazard—*maiden to journalism* (Phil Speight and Edwin Pearce with *The Trial of Lady Chatterley*, and Peter Goodchild, Peter Prince and Barry Davis with *Oppenheimer*).

Russell Harty and Michael Parkinson were each given far too many programmes for the interest they could sustain, and *Friday Night, Saturday Morning* proved that almost anybody could do the job as well or better, from lyric writer Tim Rice to anthropologist Desmond Morris. More and more previously distinct types of programmes aspired to the condition of the chat show: *Pro-Celebrity Golf* was a chat show on grass and, as this column has noted throughout the year, the BBC has waded enthusiastically into *Pro-Celebrity Culture* with famous faces chatting about painting (*Peter Ustinov* and *Natalie Wood* at *The Hermitage*—I really didn't invent that title) about books (*All About Books* which was actually all about celebrities).

and about television itself (*Did You See as in "Did you see Mugg and Spike again..."*).

In current affairs there was little of real novelty. Rows with Government, bureaucracies, and special interest groups are now commonplace but television is at last beginning, perhaps, to learn how to deal with them. BBC2's *Newsnight* established itself firmly as a late evening oasis of quality and seriousness, and *Question Time* gained stature, not least from Robin Day's increased benignity and his amusing thumbnail sketches of his guests. *World In Action* was often back to its tough and brave old self after rocky patches in 1979, and Granada also provided one of the year's most compulsively viewable curiosities on the night of the U.S. Presidential election: *The All-American All-Nite Show* which hinted at what can happen when television is as freely accessible and almost as widely used as print.

In a year horribly bereft of original comedy, *Not The Nine O'Clock News* gleamed like a fittingly naughty deed in a darkly wicked world. But after praising the talented team of Stephen, Atkinson, Jones and Smith, and mourning their decision not to make any more *NTNOCN* one could muse on the idea that they might—just might—owe a little something to BBC2 and their fans, and that the speed with which they plan to move on, Python-like, to seek individual fortunes elsewhere could be a little shameful.

Not as shameful, however, as *Arthur C. Clarke's Mysterious World*, the greatest mystery in which was the fee paid to the wily old SF writer for standing on the beach in Ceylon saying hello and goodbye, and little else for each episode. *The Greeks* took a similarly "Oooh my!" attitude towards the understanding of our world, and the less said about *Rushon's Illustrated* the better.

Most surprising of the year's flops was Magnus Magnusson's *Vikings* which set out to prove how loveable and misunderstood the Norsemen were but merely succeeded in proving that the only thing more boring than a dead barbarian was a Zapata moustache is two of them with indistinguishable surnames.

Roll on the new decade, Channel 4, breakfast telly (7/4 on the BBC setting in first), electronic news gathering, videodisks, cable vision, pay-TV via fibre optics, direct satellite transmissions to the home—and pray God somebody makes a few good programmes in 1981.

# Violins in Helsinki

by DOMINIC GILL

When the temperature outside is an ear-freezing, lip-cracking 18 degrees below zero, and midnight begins at 4 o'clock in the afternoon, one of the better places to be in Helsinki (if not snug in bed) is snug inside the Finlandia Concert Hall listening to violin concertos.

A single violin concerto coupled with, say, an overture and a symphony, could do very well by itself as a refuge from the wind and snow: musical traditions in Finland are strong, and standards high. But if he times his visit right, the violinist in search of warmth could better that figure by no less than 15. During one particular December week in Helsinki, eight supremely talented young violinists line up for the final round of the Sibelius Violin Competition—as they have every five years since 1955, the centenary of the composer's birth—to play two concertos each in the space of four days.

Monday & Tuesday. The first to appear is the youngest entrant: Hu Kun, a 17-year-old from the People's Republic of China. Each finalist must play the Sibelius concerto and another chosen from a list of nine. Hu Kun chooses the *Chalkovsky*—a remarkable, curiously unattractive performance, difficult to assess: quick, bright attack, impeccable intonation, agile fingers. But every bar gives the vivid impression of a brilliantly learned exercise: a weird sensation of listening to a recording (or, as it were, a violin Ampico roll) by someone else entirely. Undoubtedly a gifted boy; but how to place such ghostly perfection?

19-year-old Pyy Mikkola from Finland plays the Sibelius: warm and gentle, but without edge; some troubled intonation, and a small tone that lacks power on the G string—his is a careful lyrical performance, without soar or surge. There is a buzz of electricity around the hall as the next finalist, Viktor Mulla from the Soviet Union, Mullova, 21, walks on to the stage: a tall and willowy, grave-faced girl who has the commanding presence that makes an audience sit up and fall silent before she has played a note. And indeed her *Chalkovsky* concerto is an astonishing display—everything that Hu Kun's was not: married to a flawless technique and enormous tonal range is a powerful

and original musical personality. There is wildness and feline passion, too, behind the awesome control. We are captivated; this, surely, must be the first prize?

Lidia Shutko, an older (b.1947) compatriot of Mullova, plays the Sibelius with force and authority, but without any of Mullova's irresistible sparkle. The vibrato is a little overwhelming; the physical manner is very tense: there is an uncomfortable sense that at any moment the whole performance could slip terribly off the rails. In Kaija Saarikettu from Finland, aged 23, we hear another greatly attractive young violinist of world class. She chooses the Brahms concerto; and though this evening her playing is clearly below par, it is a reading of enormous richness and persuasion. Her violin sound is the most sheerly beautiful of any we have heard so far. In the final round, a few passing technical fluffs which matter not at all: no doubt the jury will hold them against her.

Sergey Stadler, aged 18, is the third Soviet finalist (statistically the geographical distribution of finalists is wholly predictable, except for a surprising absence of Japanese). Stadler's technique is rock-solid, his reflexes are razor-sharp, and he gives the Sibelius with marvellous confidence and drive. It is an admirable performance; and I find it also remarkably vulgar and faceless, without real poetry or inner heat. Andres Cardenes, a Cuban-American of the same age as Saarikettu, offers a superb account next of Prokofiev's first concerto, big, robust, delicately coloured, subtly and deftly rounded. The technique is no less secure than Stadler's, but the musical current is far more vital, engaging and direct. With last year's Flesch Competition still fresh in the memory, I am incurably cynical about juries: if I know anything about it at all, they will rank Stadler, for his outstanding proficiency alone, far ahead of a real, vulnerable unpredictable poet of the violin like Saarikettu; and for his powerfully individual perceptions, they will like Cardenes less. Juries can recognise outright star quality, and they can recognise incompetence; but in between, they are all at sea.

Olivier Charlier, a Frenchman of 19, comes last. His Sibelius

is most impressive: a strong-boned, full-blooded, high-flying performance that takes all manner of exhilarating risks, and wins them nine times out of ten. I specially liked the unclipped, unexpected phrasings and attacks, the strong, warm tone, and the firm, flexible lyrical sense. (By far the greater part of the audience for this competition seems to be made up of teenage girls. Is it the handsome, curly-headed Charlier they are waiting for, or is the new generation of Finnish womanhood just unusually crazy about violins?)

Wednesday and Thursday. Hearing each of the eight finalists' second concertos brings no surprises: no upsets or reversals. Mullova's Sibelius is a stunning tour de force, ravishing of sonority, dazzling in its control of long, vocal lines. She throws herself fearlessly into the last movement cadenza: when she finishes, the audience will not let her go. No question where she is to be placed. Saarikettu is desperately nervous; but technically flawed as it may be, her Sibelius I find wonderfully eloquent in its intimate speaking quality, and in its dark, lyrical surge. Stadler's *Chalkovsky* is brilliant and dull: Hu Kun's Sibelius sounds like a note-for-note copy of Heifetz; Cardenes' Sibelius is magnificent, in its fashion the equal of Mullova's; Charlier's *Chalkovsky* begins nervously, but soon finds its stride, vivid and forthright; Shutko's Mendelssohn falls down badly, unexcused, its best moments never sustained.

I make up my own prize list, in order: Mullova (for her unique charisma), Cardenes, Charlier, Saarikettu, Stadler, Mikkola, Hu Kun, Shutko. The ordering of the first four names reflects personal preference (though essentially the ranks are interchangeable: at such a level there are no "better" violinists, only different ones). But the dividing line between the first and the last four is crystal clear: gold and silver, genius and talent, cheese and chalk. The jury come in from the cold in the announcement order, the official list: 1. Mullova; 2. Stadler; 3. Cardenes; 4. Charlier; 5. Hu Kun; 6. Mikkola; 7. Saarikettu; 8. Shutko. Careful they may be; unpredictable they are not.

## Theatre de la Monnaie, Brussels

# Where the Wild Things Are

Almost any English-speaking parent with children between five and twenty will know the name of Maurice Sendak—the author and illustrator of such wryly fantastic, drollly inventive, and disorienting stories as *Higglety, Pigglety, Pop! Chicken Soup with Rice*, *The Night Kitchen* and *Where the Wild Things Are*. The books are themselves almost silent operas in their combination of visual extravagance and pithy contrapuntal argument, and Sendak's words, spoken aloud, have a special, recognisable, zany music of their own. It was only a matter of time before someone, somewhere put Sendak on to the music-theatre stage.

Two years ago the English composer Oliver Knussen turned first to *Higglety*, and in collaboration with Sendak sketched a preliminary draft; but in response to a direct commission from the Brussels Opera early in 1979, the choice fell on *Where the Wild Things Are*—the strange story of naughty Max and his voyage (and back again) to the land of the kindly, puzzled Wild Things, who crown him their King.

The *Wild Things*, just stage-ready but still unfinished by the day of its premiere in Brussels this month, is a more ambitious undertaking than for example either Henze's *Pollicino* or Peter Maxwell Davies's *Cinderella*, both designed to be played and sung by children: it is an opera in two acts written for the resources of a major opera house, and intended for performance, by professionals, to audiences of adults and children alike.

The ground-plan was from the start that of a real fantasy opera, in the tradition of *Hänsel und Gretel*—a genre which both Knussen and Sendak felt to have been sadly neglected during the past half-century or so in favour of works written for children to sing and play themselves; a laudable development, but hardly a replacement for the magic theatre of Humperdinck, or for that matter of Ravel's *L'Enfant et les sortilèges* (whose final "Maman" was in a sense "the sound from which our ideas grew"). The score of *The Wild Things* is headed by quotations from Mussorgsky (*Boris Godunov*) and Debussy (*La Boite à Joujou*)—both can both be heard at certain points in the music, but are more important still as

symbols of the authors' intentions. When Knussen and Sendak first met, they both agreed that their favourite "children's opera" was the second act of *Boris*. The characterisation of the Tsar's children, and their relationship to him, they found nothing short of miraculous; they were conscious of a towering (and relatively untapped) example for their composed musical characterisation of Sendak's children. Another Mussorgskian source, more purely musical, was *The Nursery*, particularly the fourth and last songs.

Debussy's admiration for *The Nursery* is well known; the boy Yvold in Pelléas is a true descendant of Mussorgsky's children. But the later music which Debussy wrote with his daughter Chouchou in mind—*Children's Corner* and *La Boite à Joujou*—has more of a bearing on Knussen's approach to the music of *The Wild Things*.

Debussy's music for his daughter is not watered-down Debussy, but the real thing—albeit with certain harmonic areas "lit" in particularly gentle and subtle ways. *Joujou* is certainly not *Joujou*; but it is recognisably by the same composer of the same period. In the same way, Knussen "wanted to write music as immediate and as colourful as I knew how, that my own daughter and open-minded children of her generation can accept (probably better than adults), but which is emphatically not written down to young children."

His score calls for a smallish band of 48 players (including a Mozartean string section, four basses, flutes and reeds, three trombones but no trumpets, four horns, harp and piano duet). The music itself is an intriguing, insinuating hybrid of many colours; as well as the explicit echoes of Mussorgsky and Debussy, there are pages of exuberant magic in which the shades of *Chalkovsky* and Strauss are summoned, and others in which the silhouettes bear closer resemblance to Stravinsky and Milhaud. But there is never any sense of falling directly into pastiche. The marvellous, windy bedroom music of the main transformation scene—visually also a real coup de théâtre—is more like *Chalkovsky* than Mussorgsky, more Ravel than Debussy, but essentially like neither.

The performance I attended (sung in English, introduced in French and Flemish, but presented by its French title of *Max et les marionnettes*) was packed with pages of primary-school children who provided enthusiastic vocal accompaniment and commentary. I was aware of missing a lot of delicate instrumental colour—sinuous threads of oboe and harp, dark shades of reed and brass—in the predominant paedophony. But no matter: what was audible was a real, if tantalising pleasure—an overall impression of an orchestral canvas both vivid and original, worked with remarkable economy of musical effect, and achieved through subtle (though compositionally often complex) use of the simplest material. Has an instrumental imitation of a vacuum-cleaner (as Mother sweeps into the second scene) ever sounded at once so real and so musically deft?

For his libretto, Sendak has fleshed out the story without losing any of the panchency and poetry of the original: every line is finely balanced, eminently singable. He has also added an extra ingredient, an hysterical, gibbering language for the Wild Things, which he calls "pidgin Yiddish". Jane Manning's little-boy Max was an impressive virtuoso assumption, bright and unfappable, and beautifully tuned. The scenery and costumes are Sendak's own (his only previous operatic venture has been the design of a *Magie Pluie* for Houston): a marvellous cornucopia of stage-magic and grotesquerie copied precisely, though in many cases amplified and embroidered, from the illustrations for the book.

The score of the second act (both together last about 45 minutes) is not yet completely finished: the wild rumpus music in particular, now mainly percussive, is due to be generously filled out, and the "March to find the moon" is presumably still only a sketch. There is really too much scenery, too tightly crammed, for the relatively small stage of the Théâtre de la Monnaie: but in somewhere like the Coliseum, *The Wild Things* would fit magnificently well. There is every reason, and every reason to hope, that it will. Meanwhile, a London concert performance—*are the London Sinfonietta listening?*—is the next best thing.

DOMINIC GILL



Elizabeth Garvie as Elizabeth Bennet in "Pride and Prejudice," BBC-2. Denholm Elliott and Donald Pleasence in Dennis Potter's "Blade on the Feather" from London Weekend.

Shaw

## Aladdin by ANTONY THORNCROFT

In theory you can't go wrong with pantomime. The plots are dramatic, twisting, and primed to hit deep-seated human emotions; the characters offer opportunities for the finest ham acting; the special effects give the back stage crew the chance to show off their skills; there is music; there is intriguing sexual innuendo with the trans-sexual role playing; there is a captive audience of awe-struck children; there is comedy. Or is there? The fact is that most pantomimes are let down by very dreary, witless, scripts. The

opportunities in the spectacle are fluffed. So it was with some expectation that I went to the Aladdin at the Shaw. It is written by the very funny radio programme *The Byrds Way*. But in the event the curse has struck him and only fleetingly does the script rise above the routine, and the start is painfully slow. But gradually the magic of it all starts to work and by the end what threatened to be a run-of-the-mill pantomime became fairly acceptable. At least the

children enjoyed it, which is all that matters. There is definite skipping on the sets, costumes and special effects which suggests a lack of imagination but the action is brisk and the text is as clean as a whistle and aimed, quite rightly, at children. The cast looks as if it is enjoying itself and while only Graham Richards as Wishee (and for once, the dancers) shine, you can compliment the rest on good ensemble playing. A modest Aladdin, but agreeable and on target for family families.

Richmond

## Babes-in-the-Wood by CHRIS DUNKLEY

The Richmond pantomime is like showman's steam engine: old-fashioned and reliable, yet impressively bright and shiny and firing loudly on all cylinders. Best of all, in spite of its staunchly conventional structure, it is actually a brand new production so, as scene follows scene—no less than 13, from the schoolroom to the deep dark forest—each set of backcloths, scenery and costumes comes up sparkling fresh. Pantomime aficionados will know that it is quite something in these days of make-do-and-mend when an outfit can last 15 years and more on the panto circuit.

Richmond has done as much as any theatre to preserve the spirit of true pantomime and in directing *Babes-in-the-Wood* Roger Redfern proudly carries on the tradition. This is no mere vehicle for adult television variety, although Christopher Timothy, the star of *All Creatures Great and Small*, who plays the good robber, does mention the vet series a couple of times during his double act with Bernard Bresslaw who is in his element as the bad robber; and Eric Flynn as an odiously villainous Sheriff of Nottingham boasts about coming from the land of Golden Delicious, threatens punishment

to anyone eating Coxes, and insults the inhabitants of Richmond. But such local and topical gags are as much a part of true pantomime as are a principal boy with long legs and a dame with five pairs of bloomers, and they produce an enthusiastic storm of hissing and booing. The principal boy is Anita Harris who not only has one of the longest pairs of legs in the business, but must surely be one of the few members of the younger generation strong enough in voice and character to carry off a rendering of "There'll Always Be An England" without a hint of a snigger. Terry Scott, who clearly exults in being a dame, is allowed the full repertoire: singing sweets to the audience, leading community singing, and of course an endless disrobing scene. (What on earth did dames do before *Velcro*?) Indeed, if *Which?* magazine covered pantomimes, Richmond's would be a "best buy." It includes the finest dressed woodland animal sequence that I have seen in 25 panto seasons, a highly effective "black theatre" toy ballet with dancing skittles and puppets, and a good sword fight. No wonder it was packed from the pit to the galleries.

Wigmore Hall

## Flute and harp by DAVID MURRAY

The combination is natural and attractive, of course, and it has inspired plenty of pretty tricks. On Saturday the flautist was William Bennett and the harpist Osian Ellis, so we had the right to expect at least some of a high order. From that catastrophe we had a winning example, *Lullaby* by Spohr's Sonata Concertante in E flat, played with brilliance and affection in equal measures: it boasts a glittering Allegro in which both players shine, and Mr. Bennett drew out the melting line of the Adagio with evident delight. There was also William Alwyn's Fantasy Sonata

"Nafades," in which a sturdy, old-fashioned construction—its original within those limits—is concealed beneath a seductive neo-impressionist surface. Were it 60 years older, it might count as the archetypal flute-and-harp piece, exploiting the charms of the duo with knowledgeable sympathy. Fauré's little flute *Fantaisie* took well enough to a harp accompaniment (and Bennett lavished subtleties of colour upon it); the only solo harp work was a modestly extant Little Suite by Colin Matthews, but Mr. Ellis offered several Welsh folk songs with oblique, engaging parts for his

own instrument and the flute. The least luxurious music—the oldest—provided the happiest surprises. One might have thought the harp too liquid to make a good continuo instrument for Bach's G minor flute sonata, but Ellis made his part so crisp and energetic that there was no sense of ad hoc compromise. Bennett's long-limbed, less as always, he played two unaccompanied Telemann fantasies, too, suggesting marvellous depths by discreet touches: the springing grace of the Gigue in the B minor Fantasia was a small triumph of musicianship.



# FORECASTS 1981

## OIL

### Uncertainty over price and production levels will persist

THE INTERNATIONAL oil market has assumed new characteristics which could become even more evident this year. Gone is the fear that the world has insufficient oil reserves to meet demand. In its place is concern that further Middle East disturbances, major accident or deliberate production restraint by the big oil nations will prevent the plentiful reserves being exploited to their potential. As a result shortages could still arise, they are just much more difficult to predict.

This year's balance between supply and demand could be reasonably comfortable. Consumption levels will remain depressed as a result of the continuing bleak economic climate, a trend towards the greater use of coal and nuclear power and the hard-to-quantify impact of conservation measures.

Recent figures show that two months ago output from the Organisation of Petroleum Exporting Countries fell to a 10-year low of just 23.3m barrels a day—almost 8m b/d less than a year earlier. It is worth noting that in September, 1979, British Petroleum's "think tank" published a report showing that 1980 OPEC production would have to be between 30m and 36m b/d. Such are the hazards of oil industry forecasting.

Estimates circulating at OPEC's recent ministerial meeting in Bali, Indonesia, suggested that non-communist world oil consumption in 1981 could average 48.3m barrels a day, one per cent less than in 1980 which, in turn, was 5.7 per cent below 1979 levels.

Non-OPEC producers—in particular the U.S., Canada, Mexico, the UK and Norway—were expected to produce between 24m and 25m b/d, appreciably more than in 1980 and a 75 per cent increase over non-OPEC output in spring, 1978.

This raises the first question about this year's balance. There is considerable doubt whether non-OPEC members will raise output although Dr. Subroto, Indonesia's Energy Minister and the new president of OPEC, has warned Western producers against being unduly restrictive with their own depletion policies. He said that OPEC could not be expected to shoulder all the responsibility of adjusting output to meet worldwide demand. It is a message that Dr. Subroto will be carrying to Mr. David Howell, Energy Secretary, and other Western energy ministers.

For its part OPEC expects to produce between 24m and 26m b/d during 1980. Much will depend on how long the Iranian-Iraqi war continues. Ministers of the exporting nations were last month talking about the possibility of Iraq producing as much as 1.4m b/d this year and Iran yielding around 800,000 b/d. But the West would do well not to bank on such production levels.

Similarly Saudi Arabia's producing intentions will be crucial. There is no immediate sign that it will lower output from the present level of about 10.3m b/d. But it remains an uncomfortable fact that the kingdom would prefer to produce 8.5m b/d; that it could lower output to 6m b/d without creating long-term production problems; and that it needs to produce only 3m b/d to finance its ambitious development programmes.

In addition to all these factors the supply/demand equilibrium will be maintained only if the West is judicious in the way it manages its record stock levels. Too quick a draw-down would leave importers vulnerable to shortages next winter; a very limited stock draw would antagonise OPEC and might provoke harmful production-cutting retaliation. The Eastern bloc's willingness to continue with its modest exports will also be significant.

Given the reasonable chances that there will be sufficient oil to meet dampened demand, the prospect for some respite from big price increases are also fairly good. OPEC decided on a messy pricing formula which should result in an overall 9-10 per cent price increase being imposed during the next week or so. This will take the average price to around \$35 a barrel. OPEC might attempt to counteract worldwide inflation by pressing for a further 5 per cent increase at its meeting in Switzerland this summer.

Assuming Iran and Iraq patch up their differences and the oil market remains fairly calm, we could see OPEC attempting to restore pricing unity towards the end of the year. It is still the exporters' intention to establish a single reference price against which the tariffs of all other crudes can be set. Once this has been accomplished OPEC would then begin applying regular price increases linked to the West's economic growth rates and inflation as well as currency fluctuations.

RAY DAFTER

## A strategy for the medium term



### A time for hope

A NEW YEAR is a time of hope: a time for looking forward and a time for resolutions. Everyone of us will hope that 1981 will bring an easing of the economic recession which has shut down so many factories, put more than two million people out of work, and driven thousands of businesses into liquidation. But hope alone is not enough. We must plan for a better and more prosperous future; and having laid our plans we must resolve to exercise the necessary self-discipline to ensure they achieve fulfilment.

Samuel Smiles, in his treatise on self-help, wrote: "We often discover what will do, by finding out what will not do; and probably he who never made a mistake never made a discovery."

We have certainly found out what will not do. We cannot keep factories open and provide work for people unless we manufacture and sell products that customers want at prices they are prepared to pay. We have discovered that if our overseas competitors make equally attractive goods and sell them more cheaply, we shall have difficulty maintaining, let alone increasing our share of world markets. If we do not sell our goods we do not make any profit. Without profits

there is no investment. Without investment there can be no new jobs. It is a vicious circle.

We are gaining a better understanding of our problems: of control of public spending, inflationary pay settlements, our over-strong currency, high interest rates, poor productivity and abysmally low profitability.

So what must we do? Our aim must be to create conditions for growth, employment and prosperity. That is why the CBI has embarked on a matter of urgency on the preparation of a medium-term strategy for the economy to help us make some difficult but essential decisions. It is clearly on productivity and competitiveness, and on avoidance of future pay inflation, that we must concentrate our efforts. But we must ensure that in seeking to kill inflation we do not damage our industrial base so badly that manufacturing industry is incapable of meeting the upsurge in demand that will come with the end of the recession. We cannot expect to reap a rich harvest if we have already eaten most of the seed-corn. That is why investment in new technology and in new productive capacity is so important.

Some other countries are already well across the threshold of a technological revolution that will have a far greater impact on our lives than the industrial revolution of Samuel Smiles's day. The first industrial revolution made Britain one of the most prosperous nations in the world. The technological revolution of our times could have an equally dramatic effect on our living standards.

Britain's businessmen have a firm belief in the principle of self-help. Business is about risk-taking and there is no lack of willingness to take what risks are necessary to win a profitable share of world markets. We have a lot going for us. Britain is the only major industrial nation that is self-sufficient in energy. We are politically stable. We have outstanding commercial and financial expertise. Our people have an inherent skill and ingenuity.

There are also encouraging signs that we have learned some important lessons from our recent difficulties. Many companies are improving their efficiency and productivity; pay settlements are being negotiated at lower levels; and inflation is coming down. The Government is making a determined effort to limit public spending. There appears to be a greater willingness to see more money go to profits so as to improve investment and job prospects. Our medium-term strategy, which we hope to publish in March, will look carefully at how we can create the right conditions to encourage investment. The essential thing is to make British products and services more attractive than those of other countries and to make sure that our costs are fully competitive.

Above all, we need to generate self-confidence and a determination to win. Let us shake off the gloom and push ahead in the knowledge that in 1981 we can lay firm foundations for a happier and more prosperous future.

SIR TERENCE BECKETT

Director General of the Confederation of British Industry

## STEEL

### Further restructuring within Europe may help to restore stability

THE DECADE began with large sections of the world steel industry facing serious difficulties and uncertainty continues to dominate the future. Steel consumption in the main industrialised countries is forecast by the International Iron and Steel Institute to rise by only 2.1 per cent during 1981. While there should be an appreciable improvement in demand in the United States, which suffered the sharpest drop in production during 1980, a further decline is expected in the EEC.

In Japan a slight recovery is expected towards the end of 1981 but this will not be enough to prevent the overall drop of some 3m tonnes in overall production during the year.

Mr. Lenhard Holschuh, secretary general of the Institute, has stressed that even the most general predictions about the strength of any possible upturn must be treated with caution. So uncertainty are the leading steelmakers about the immediate future that the IISI has been unable to produce any estimate of likely investment in 1981.

The continuing impact of the recession is the most immediate factor depressing steel demand. But behind this is the overriding problem of excess capacity. Although the possibility of there being a shortage of steel during the next economic upturn has not been totally discounted, it is considered improbable.

Capacity problems play a central part in the efforts of the EEC Commission to maintain price and production stability within Europe, and in the further restructuring of the British steel industry on which the Government will begin making decisions next month.

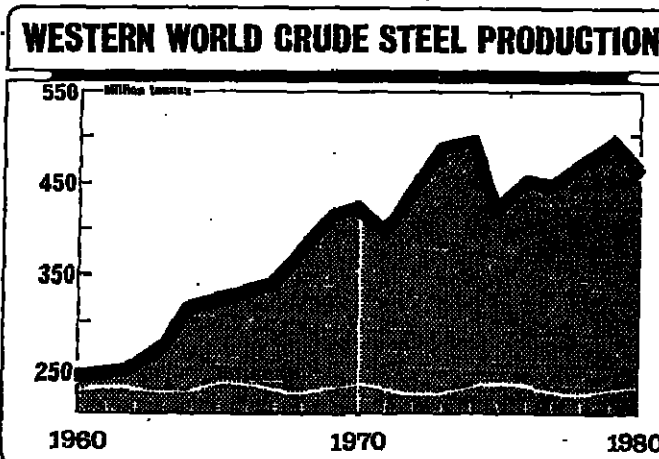
The European industry, following the breakdown of the voluntary Disposition Plan, is now in the hands of mandatory production controls under Article 58 of the Treaty of Paris. These are due to expire by June at the latest and the leading European steelmakers will be anxious to try to negotiate a new voluntary alternative to further mandatory regulations as soon as possible.

Efforts are being made by the European Coal and Steel Community to stop EEC states continuing to subsidise uneconomic operations and introducing unnecessary new capacity, and these are being strongly supported by the British Government. Britain believes that there is between 20m and 25m tonnes of excess capacity within Europe and the efforts to restructure the British industry will be frustrated if there is not similar action elsewhere.

The proposals for the British Steel Corporation contained in a new corporate plan from Mr. Ian MacGregor, its chairman, envisage only a fractional cut in capacity on top of the reduction from 21.1m liquid tonnes to 15m which BSC has undertaken during 1980. But Mr. MacGregor proposes to eliminate at least 20,000 more jobs, the majority in a drive to reduce the corporation's costs and improve productivity.

The developing countries forecast an expansion of demand 6.3 per cent in steel demand during 1981 which would give them 22 per cent of the Western world's steel consumption. Growth in some of the developing countries' steel industries has been considerable and this trend promises to continue.

ALAN PIKE



## MACHINE TOOLS

### Japanese success in NC equipment has added to manufacturers' problems

PROSPECTS for the machine tool industry in 1981 are poor. The economic recession and the high cost of borrowing will affect adversely the level of capital investment in many manufacturing sectors. Competitive pressures will intensify, making it difficult for all but the most efficient and/or specialised machine tool manufacturers to make a reasonable return.

The industry had already been through a major rationalisation phase over the last decade. In those countries where machine tool builders have a

long tradition, notably in the U.S., West Germany and the UK. Other nations which have well-established machine tool industries, particularly Switzerland, France and Italy, have tended to go in for more specialisation. The French industry has recently been under considerable pressure, leading to the collapse of one or two key companies.

The one exception is the Japanese industry which has concentrated on the growth market for computer controlled machine tools. After making significant inroads into the U.S. market, Japan has launched a sales campaign in the leading European economies. Between 1978 and 1979, imports of Japanese lathes (NC and non-NC) into the UK went up by 73 per cent, into France by 36 per cent, and into West Germany by 51 per cent.

The weakness of large parts

## TEXTILES

### Too many producers are still chasing to few customers

THE TEXTILE industry in most parts of the world enters 1981 more apprehensive, more uncertain, and perhaps more crucially, more divided than for many years. Throughout Europe the industry appears to be seeing when the destocking by its own retailer customers and generally lower spending by consumers lift sufficiently for higher levels of manufacturing activity to be resumed. In Britain the very severe pressure on the industry in 1980 has brought about an unprecedented 100,000 drop in the labour force to a year-end total of only around 650,000. In some of the worst-hit sectors, such as cotton and man-made fibres, the fall in production has been of the order of 25 per cent or more.

At the same time the principal overseas suppliers to Europe in the Far East and elsewhere are looking anxiously for signs of an upturn in the developed countries. Exports by the major Far Eastern suppliers, such as Hong Kong, to the UK and other big markets have fallen away this year because of the recession, though in a number of product areas import penetration has risen because of an even steeper fall in domestic production. In many products this year, however, developing country suppliers have found it difficult to fill the quotas allocated to them under the GATT Multi Fibre Arrangement, as a result of reductions in ordering by big retail customers anxious to reduce stocks and cut down on heavy interest charges.

The timing of any pick-up in Europe remains uncertain, and is likely in any case to occur after different intervals in the various countries. The UK recession started earlier and has been deeper, and there are now some signs of improved conditions over recent weeks. At present however the improvement probably represents little more

than the seasonal recovery that is to be expected as companies replenish depleted stocks and prepare for the spring 1981 season and there is little confidence in the industry that a sustained climb out of the trough is likely much before the end of next year. The same spectre, too, haunts the industry in both the developed and developing world. The recently announced OPEC price rise could delay recovery from recession in the developed countries or at any rate divert expenditure away from clothing again. The higher costs of energy will at the same time put further pressure on the developing countries to generate much needed foreign exchange by increasing textile exports.

This dilemma provides a less than encouraging background for the renegotiation during the course of 1981 of the Multi Fibre Arrangement (MFA), and agreement now seems unlikely to be reached easily.

The position is complicated further by the emergence of the U.S. as a major textile exporter. American companies have captured a significant share of the UK market in fibres, carpets and household textiles and are moving into other product areas and other European markets. Now that they do so may depend on another difficult set of negotiations which the EEC Council of Ministers has asked the Commission to arrange as a matter of urgency with its American counterparts in the New Year.

The textile industry in 1981 looks like being characterised yet again therefore by too many producers chasing too few markets. Governments, too, seem likely whether they want to or not to be drawn increasingly into the politics of international textile trading over the next year.

RHYS DAVID

## CHEMICALS

### The slump in demand has been made worse by chronic overcapacity

THE PAST YEAR has been a bad one for Europe's heavy chemical producers. None of the major companies have made profits on their petrochemical operations during the past nine months. Many have made substantial losses and most see little prospect of an improvement in trading conditions during the early months of 1981.

The general recession hit petrochemical producers with a vengeance around the end of the first quarter of 1980. Demand dropped suddenly and dramatically—sometimes by as much as 30 per cent. Prices plummeted and the chemical companies' main customers felt the impact of the economic downturn.

Yet the effect of the slump on petrochemical manufacturers was intensified by two factors, both of the industry's own making. One was overcapacity and the other was the chemical industry's lack of discipline on pricing.

These two problems seem set to remain after the recession ends. Seven weeks ago the European Council of Chemical Manufacturers Federations forecast severe overcapacity in most of the major petrochemicals until at least 1984. The forecast, based on detailed information from the chemical industry's most Western European countries, suggests, for example, that in three years' time Europe's ethylene capacity will exceed demand by some 3.7m tonnes a year.

Yet ethylene is the so-called building block of the petrochemical industry and it is used in the making of a huge range of products including solvents, fibres and plastics.

A panic race to cut prices in a desperate effort to maintain market share was a feature of the chemical industry's activities in the last depression of 1974 as well as in the latest slump. In 1980 the industry found a convenient scapegoat in the influx of cheap chemical imports from the U.S.

But it could be argued that the real heart of the trouble was the way the European com-

ETHYLENE IN W. EUROPE (m. tonnes)		
	Capacity	Consumption
1979	14.7	12.3
1980	16.0	10.6
1981	16.9	12.6
1984	17.6	13.9

Source: CEPIC estimates

## MOTORS

### International links are increasing, but full mergers are unlikely

THE COMING year will be extremely difficult for the motor industry. For some companies it could be calamitous. The cyclical downturn in demand which was to be expected in the early 1980s has in some major markets been transformed into severe recession by the action of governments determined to keep inflation under control.

Output of cars in the U.S. this year was right back to 1959 levels. Commercial vehicle production was at its lowest since 1967. And demand, which had shown signs of picking up, has wilted again in the face of high interest rates.

In the UK, car production has fallen below 1m for the first time since 1957 and the industry regularly achieved better figures in the 1950s. Commercial vehicle output fell back to the 1967 level.

Other markets are not so badly affected as the U.S. and the UK. But in 1981 even Japan is likely to experience its first fall in vehicle output since the post-oil-crisis hiccup in 1974.

The Japanese confounded everybody in 1980, a year in which cars and commercial vehicle production was also supposed to drop back. But the pressures for restraint in exports to the U.S. and Europe are bound to be reflected in the production statistics in 1981.

Significantly, the only bright spot in the forecasts is Spain. This country is attracting the attention of many of the world's motor manufacturers and is destined to become a major element in the European industry.

General Motors' new plants in Spain do not come on stream until 1983. However, as the 1980s progress the Iberian peninsula (Portugal as well as Spain) will benefit from the manufacturers' interest in the "sun belt." This will be mainly at the expense of West Germany

and its vehicle assembly satellite Belgium.

Ironically, this is not because the German industry is weak. Quite the reverse. The German companies are well aware that the days of the traditional exporter of vehicles seem to be numbered and are setting up manufacturing and assembly operations wherever markets are big enough and it is politically possible to do so.

The deal Volkswagen is contemplating with Nissan to have medium-sized Audis made under licence in Japan could be signed in 1981 to provide a prime example of this approach.

The American multi-nationals have already set the pattern. They believe that the only way possible to capture a reasonable share of Far East markets must be via assembly in the most efficient country in that part of the world—Japan.

The immediate problems of 1981—over-capacity, weak demand and squeezed profit margins at a time when companies need to invest more than ever before—will exacerbate the underlying stresses within the industry.

Governments, however reluctantly, will be forced to become further embroiled in the industry's problems. But they will have to accept that the major cut-back in jobs provided by the industry will get even worse in 1981 and that employment is unlikely again to reach the level of the late-1970s.

Chrysler will once again provide the U.S. Government with an enormous headache. It will need further financial support unless there is an unexpectedly steep rise in total car sales combined with a sharp increase in Chrysler's market share.

The Italian Government has already shown its willingness to come to Fiat's aid. The French hardly seem likely to allow the Peugeot-Citroen-

## ELECTRONICS

### Semiconductor makers are continuing to invest in new products

NEXT YEAR is the tenth anniversary of the microprocessor. It will be celebrated by a further avalanche of ingenious new products in computers, communications and consumer electronics, all made possible by the invention of the tiny device. There will also be some interesting developments in the design of the chips themselves.

But it is much less certain how the electronics industry itself will fare. At the end of 1980, it presented a mixed picture. Some parts were still booming away, while others were displaying the unmistakable scars of the recession.

The contrasts are exemplified by two events earlier this month. In New York, a meteorically successful microcomputer company called Apple went public at a price-earnings ratio of about 40. In London ICL, Britain's only big computer manufacturer, reported a 46 per cent drop in pre-tax profits for the year.

ICL's problems, though exacerbated by the strength of sterling, are not unique among manufacturers of larger computers. In an industry where the prices of machines keep falling by about 15 per cent a year, even IBM is finding it harder to make money at a time when the growth of demand is off its peak.

In semiconductor manufacturing, the front line of the electronics industry, suppliers are scrutinising next year's economic forecasts with more than usual concern. They had hoped that in the U.S., which consumes about \$6bn of semiconductors annually, the recovery from recession that started late this year would continue into next.

Now, with prime rates soaring to new heights, they are less sure. Some have revised their forecasts for the growth in the value of shipments downwards to as little as 10 per cent. In an industry which has to turn to stand still, and whose U.S. shipments rose by more than 40 per cent in 1979, that is bad news.

In Europe, prospects are even bleaker. Mr. Dedy Saban, European Marketing Director of Motorola of the U.S., thinks that the market may grow by only 5 per cent or less next year. He thinks that demand will be strongest in France and weakest in Britain and West Germany.

The semiconductor industry believes that demand for its products will be strongest among manufacturers of equipment designed to cut costs and increase efficiency. In particular, they are pinning their hopes on industrial and process control equipment, smaller computers and office products such as word processors.

GUY DE JONQUIERES

### WORLD CAR OUTPUT

	1979 actual	1980 forecast	1981 forecast
U.S.	8,411	6,200	6,200
Canada	988	830	800
West Germany	3,933	3,400	3,500
France	3,222	2,900	2,900
Italy	1,481	1,350	1,300
Japan	6,176	6,600	6,000
Spain	764	950	980
U.K.	1,670	1,300	1,300

Source: Economist Intelligence Unit



# FORECASTS 1981

## AEROSPACE

Some new programmes may be delayed but order books are substantial

THE AEROSPACE industry continues to enjoy a high level of activity, fulfilling order books which amount to over £5bn—over £3bn for civil and military aircraft, guided weapons and space equipment, and some £2bn for aero-engines.

The main impact of the recession has been to slow the inflow of new orders for the next generation of airliners and engines. But towards the end of 1980 there were signs that the doldrums in new orders might be passing. Substantial contracts were placed by such airlines as Delta and American in the U.S. and Middle East Airlines in the Lebanon. Carriers, concerned about the effects of rising fuel costs on their ageing fleets, began to jockey for favourable delivery positions in the queues for new aircraft.

On the military front, soaring defence costs have begun to force NATO Governments to reappraise their budgets, leading to a £200m cut in UK spending for 1981-82, with perhaps comparable cuts in the near future in other countries' spending, notably that of West Germany. At the year's end, the precise impact of such cuts in defence procurement programmes for military aircraft, engines and missiles, were still being worked out, but it will be surprising if some equipment programmes are not curtailed in the first half of 1981.

Overall, however, the volume of business remaining is likely to sustain the defence manufacturing side of the Western aerospace industries at a high level through 1981, although there may be some pockets of difficulty stemming from the slow-down of some individual programmes. It is possible that some stretch-out of the Tornado multi-role combat aircraft, and its associated RB-199 engine, might occur.

Some decisions on new military programmes might be delayed. These include a replacement for the Jaguar jet strike-trainer, a new version of the Harrier jump-jet fighter for the RAF, and purchase of a new advanced AV-8B Harrier for the U.S. Marine Corps. Some major new missile programmes may also be slowed, although outright cancellations do not seem likely at least in the near term.

The UK industry's high level of activity is reflected in the

may clarify its plan in this direction some time during the coming year. Because of the speed with which its main rival, Boeing, is moving, the European group is under some pressure to establish such a programme without delay.

The lack of new orders for civil and military programmes is of particular concern to the electronics industry. Much of the technology in such fields as Head-up displays, fly-by-wire and other techniques was evolved in the 1960s and 1970s, when many new aircraft types, civil and military, were being developed. Most recently, the only major programme which has provided any kind of challenge in electronics is the Tornado.

MICHAEL DONNE

## PULP AND PAPER

Signs of more sensible pricing policies than in the last recession

THE RECESSION did not hit the world pulp and paper industry until the middle of 1980 and its impact has been nowhere near as severe as once feared.

World production of paper and board increased marginally in 1980 to around 175m tonnes. In the eight months of the year, German production, for example, was 4 per cent ahead and French output was up 2.5 per cent. However, over the last few months production has fallen quite sharply.

The Western European paper and board industry has fared fairly well with the exception of the U.K., where the local industry has been badly hit by a combination of a strong currency and high energy prices on top of the recession. Overall, Western European production probably fell by one per cent in 1980 and is expected to remain fairly constant during 1981.

In the United States, which accounts for well over a third of the world industry, output was 1.2 per cent lower in the first eight months. The Presidential elections have stimulated newspaper production notwithstanding the recession, and China has emerged as a major market for American paper and board, which is helping to cushion the downturn in demand.

Movements in the price of market pulp, the industry's main raw material, are a good guide to what has been happening in the industry. In the first and second quarters, the price of bleached sulphate pulp was raised. However, since then it has held steady at \$45 per tonne and the position is likely to remain the same in the early part of 1981.

The price of kraft liner, the staple diet of the packaging industry, has risen by around 10 per cent this year and is expected to rise by another 10 per cent or so in the opening months of the coming year.

Admittedly, some of the end

### WORLD PULP AND PAPER CAPACITY

	Capacity m tonnes	Increase 1980-81 %
Woodpulp	93.5	2.2
Chemical	33.0	3.7
Semi-chem	10.5	3.8
Total	137.0	2.7
Paper and board		
Newspaper	27.2	6.0
Printing and writing	44.9	4.4
Other	120.1	2.7
Total	192.2	3.6

Source: FAO

product prices have been under pressure. European prices of woodfree printings and writings, for example, have dropped by 15 per cent and price reductions in other grades are even greater.

However, the major Scandinavian producers appear to be behaving much more sensibly than they did in the last recession. They are resisting the temptation to run their mills at full capacity as they did last time. Plants are being closed for a week at a time and stocks are not being allowed to rise unnecessarily. At the end of September, for instance, pulp stocks only amounted to 838,000 tonnes. This compares with the 3m tonnes plus which was overhanging the market during the last recession.

The Scandinavians well remember what happened last time they ran up their stock levels. Market pulp prices collapsed and many companies ran into financial difficulties. The same mistake is not being made again.

That is not to say that some Western European paper companies are not facing serious difficulties. In Sweden, the Government continues to give massive aid to Norrlands Skogsagars Cellulosa and in France, Belgium and the Netherlands, various companies are being supported by their respective

Governments. In Britain a large part of the country's newsprint and board capacity has been closed and a number of fine paper mills are in jeopardy. Despite these, it looks as if the recession in the international paper and board industry has nearly bottomed out. Demand is expected to start recovering in the third quarter of 1981 and be back to normal by 1982.

WILLIAM HALL

## CONSTRUCTION

More cuts in public spending may lead to permanent damage

THERE APPEAR to be no more silver linings to the clouds which hang heavily over the UK construction industry.

The value of domestic work undertaken by the construction sector has, with one exception, fallen in every year since 1973 and the indications are that the damaging decline is set to continue amid rising unemployment and growing fears about the industry's longer-term strength.

While contractors struggle to hold on to their share of a rapidly shrinking market, sacrificing profit margins in order to stay active, the prospects for winning business overseas seem little brighter. For the first time in several years, British contractors are facing falling workloads in foreign markets.

Output of new construction work in 1980 fell by about 8 per cent, repeating the 1979 decline. In 1981, a further 8 per cent fall is expected and another drop is expected in the following twelve months. By 1982, output of new work is likely to be as much as 20 per cent down on 1979, itself the worst year of the previous decade.

Unemployment is already above 270,000—a figure which has risen by 50 per cent in 12 months—and the total is expected to go much higher over the next two years. Over 60,000 skilled craftsmen are now out of work.

No sector of the construction industry has escaped the recession but it is in the area of public works where the extent of the slump is most apparent. In 1971, the public sector's share

of total new construction work was 48 per cent while within the next two years it is likely to account for about 37 per cent of a considerably smaller cake. Over the same period, public sector new work, worth over £4.7bn in 1971, is expected to fall to little more than £2bn.

The squeeze on public sector work has bitten deeply into housing, with activity down to one of its lowest post-war levels and—for the time being at least—a ban on all new public sector housing contracts.

The outlook in the private housing sector, where confidence has been hit by high interest rates and uncertainties about the future, is little more encouraging. The number of new homes started has been falling since 1978 and in 1981 is unlikely to exceed 110,000 against 100,000 in 1980. At the start of the 1970s annual starts reached well over 200,000. There are signs, however, that for private housing at least the low point has been reached but no speedy recovery is expected.

For some time, growing volumes of work in the repairs and maintenance sector have helped cushion the rapid decline in other areas of the construction market. But three years of growth are apparently over.

The value of building work for private industry in 1981 is expected to drop by no less than 10 per cent, reflecting historically low investment intentions, while the long lead times involved in many office projects should keep commercial building activity running at stable, if low, levels.

MICHAEL CASSELL

### CONSTRUCTION OUTPUT FORECASTS

(£m at 1975 prices percentage annual changes)

	1980	1981	1982
NEW YORK			
Housing	950	650	500
Public	(-18)	(-23)	(-23)
Private	1,450	1,425	1,525
	(-12)	(-2)	(+7)
OTHER			
Public	1,910	1,795	1,740
	(-7)	(-6)	(-2)
Private Industrial	1,345	1,210	1,185
	(-4)	(-10)	(-2)
Private Commercial	1,200	1,215	1,190
	(+1)	(+1)	(-2)
TOTAL NEW WORK	6,855	6,295	6,160
	(-8)	(-8)	(-2)
REPAIRS AND MAINTENANCE	4,080	4,015	4,070
	(-1)	(-2)	(+1)
TOTAL ALL WORK	10,935	10,310	10,230
	(-6)	(-6)	(-1)

Source: National Economic Development Office

## SHIPPING

The improvement has been concentrated in the dry bulk trades

THE SHIPPING industry has weathered the downturn in world economic activity far better than might have been expected 12 months ago. In 1979 the world's shipping markets were recovering rapidly from the prolonged recession of the mid-1970s and the recovery has continued albeit at a slower pace, for most of 1980.

The world shipping fleet grew by under 10m dwt to 691m dwt in the year to June 1980. The combination of a high level of scrapping, plus record losses, has kept the growth at its lowest rate for many years. In addition, the amount of tonnage laid-up around the world has remained remarkably steady at around the 10m dwt mark.

The relatively small growth in the fleet has been sufficient to match the growth in the dry bulk trades. As a result, returns have improved. In the grain trades, the rates on the important route between the U.S. Gulf and the Continent, have risen by more than a third over the past year. In the coal trades, the increase has been even more dramatic; vessels carrying coal from Hampton Roads in the U.S. to Japan, can now charge \$29 per tonne against \$18 per tonne a year ago.

The improvement in freight

activity late next year, there could be a short-lived boom and rates for very large crude carriers could double to Worldscale 80. However, the deepening of the Suez Canal may reduce tanker demand by 15m-20m dwt and the market is not expected to be back in balance till the mid-1980s at the earliest. But prospects for smaller tankers look more healthy.

● Dry bulk trades: A serious congestion at America's East coast ports, heavy Soviet grain imports and strong demand for steam coal masked the underlying weakness of the dry bulk trades in 1980. However, the recession in the world steel industry is leading to a sharp reduction in iron ore imports. Rates look set to soften in 1981, but the key factor in the amount of congestion at U.S. coal ports, the level of Soviet and Chinese grain imports, and the size of next year's harvest.

● Liner trades: Overcapacity and sluggish demand reduced the profitability of many of the world's leading liner trades in 1980. The established shipping conference system has come under fierce attack from a number of powerful outsiders. The Atlantic and Pacific routes, in particular, have been subject to a rate war and some familiar names have been forced to quit.

### WORLD SEABORNE TRADE

	Oil	Iron ore	Coal	Grain	Gen. cargo	Total
1975	1,492	292	127	137	995	3,043
1976	1,478	294	127	146	1,075	3,320
1977	1,740	276	132	147	1,120	3,415
1978	1,712	278	127	169	1,190	3,476
1979	1,780	302	140	175	1,260	3,657
Forecast*	1,905	365	198	205	1,437	4,110

\* Forecast—Terminal Operators Ltd., London. Source: Fairplay & Eggers, Oslo

rates has been mirrored by a similar sharp rise in second hand ship values. A ten year old 60,000 dwt bulk carrier now costs 40 per cent more than it did a year ago and over six times what it did at the depths of the recession in 1978. By the same token, the slump in the super tanker market has been reflected by a one third drop in prices of older vessels.

Within the various segments of the industry the outlook for 1981 varies considerably. ● Tankers: A mild winter, low energy demand and high oil stocks depressed the super tanker market during 1980. Of the 340m dwt world tanker fleet, some 75m dwt is believed to be surplus to requirements. Over the long term, the overall demand for tanker tonnage is expected to fall rather than rise, but with an upturn in economic

the outlook for 1981 is little better with the exception of a few routes such as the West African trades which are benefiting from the upturn in Nigeria's economy.

● Shipbuilding: In the first nine months of 1980 world shipbuilding orders were running at an annual rate of 18m grt—about 10 per cent up on 1979. However, the volume of new orders is slowing and shipyard output is expected to continue at a modest annual rate of 14m grt a year over the next two to three years. Japan's shipbuilders have succeeded in filling their order books and the Western shipbuilders such as Korea, and more recently China, have also been successful. By contrast the upturn in ordering has largely bypassed Europe's shipbuilders.

WILLIAM HALL

# New Year Honours for business and the arts



Robin Day (Knight)

Sir Henry Benson (Baron)

Sir Michael Swann (Baron)

Nigel Lawson (PC)

Shelagh Roberts (DBE)

Margaret Lockwood (CBE)

Rosa Stainton (Knight)

George Jefferson (Knight)

Thomas Gore Browne (Knight)

Reginald Smith (Knight)

PEOPLE in industry and commerce, the arts, broadcasting and journalism, as well as central and local Government services, politics, and sciences, are among those recognised in the New Year Honours List. Personalities in the world of sport also receive awards. Two knights are created Life Peers; three Privy Counsellors and a Companion of Honour are appointed; and 30 Knights Bachelor named.

**LIFE PEERS**  
BARONS  
Sir Henry Benson, lately chairman, Royal Commission on Legal Services; adviser to the Governor of the Bank of England.  
Sir Michael Swann, Provost, Oriel College, University of Oxford; lately chairman, British Broadcasting Corporation.

**PRIVY COUNSELLORS**  
Sir Zeeman Cowen, Governor-General of the Commonwealth of Australia.  
Baroness Doreen, lately chairman, Honourable Corps of Gentlemen at Arms.  
Mr. Nigel Lawson, Financial Secretary to the Treasury; MP for Slough, Leicestershire.

**COMPANION OF HONOUR**  
Mr. Victor Pasmore, artist.

**KNIGHTS**  
Mr. John Barrow, director-general, European Organisation for Nuclear Research.  
Lt-Col. Dennis Charles Tibbener, BAFTA, for political and public service in the Greater London Area.  
Mr. James Whyte Black, for services to medical research.  
Mr. Thomas Anthony Gore Browne, senior partner, Mullens and Company, and Senior Government Broker.  
Mr. William John Chanley, controller, research and development establishments and research, Ministry of Defence.  
Mr. Charles Fletcher Fletcher-Cooke, for political and public service; MP for Darwen, Lancashire.  
Mr. Robin Day, television and radio journalist.  
Mr. Philip Frank Foreman, managing director, Short Brothers, for services to aviation.  
Mr. Geoffrey Gilbertson, chairman, National Advisory Council on Employment of Disabled People.  
Mr. Kenneth Lawrence Holland, inspector of Fire Services.  
Mr. James Sidney Rawdon Scott-Hopkins, for political and public service.  
Mr. George Rowland Jefferson, lately

chairman and chief executive dynamics group, British Aerospace, for services to export chairman, British Telecom.  
Mr. Owen Trevor Jones, for political and public service; leader, Liverpool City Council.  
Mr. Maxwell Joseph, chairman, Grand Metropolitan.  
Mr. John Anthony Kershaw, for political and public service; MP for Stroud, Gloucestershire.  
Professor Frank Ewart Lawson, president, General Dental Council.  
Mr. Michael Vincent Levey, director, The National Gallery.  
Mr. Peter Jack Matthews, Chief Constable, Surrey Constabulary.  
Mr. Patrick Michael McElroy, managing director and chief executive, Thomas Tilling, for services to export.  
Professor Desmond Arthur Pond, president, Royal College of Psychiatrists.  
Mr. Julian Errington Ridsdale, for political and public service; MP for Harwich, Essex.  
Mr. Stephen James Laske Roberts, chairman, Marketing Board.  
Mr. Charles Russell Sanderson, for political and public service in Scotland.  
Mr. Reginald Beaumont Smith, chairman, George Wimpey.  
Mr. James Douglas Spooner, chairman, Navy Army and Air Force Institute.  
Mr. John Ross Stainton, chairman, British Airways.  
Professor Eric Gardner Turner, for services to scholarship; Emeritus Professor of Paediatrics, University College, London.  
Mr. Laurens Jan van der Post, for public services; writer and explorer.  
Mr. John Stewart Woodie, chairman, Burnham Primary and Secondary, Burnham Furze Education Committee.

**ORDER OF ST. MICHAEL AND ST. GEORGE**  
Mr. John W. White, lately director, Institut Lucie-Langevin.

**ORDER OF THE BRITISH EMPIRE**  
DEE  
Mrs. Mary Patricia Bridges, for political and public service in the western area.  
Mrs. Betty Fraser Ross Paterson, chairman, North West Thames Regional Health Authority.  
Miss Shelagh Marjorie Roberts, for political and public service in the Greater London Area; industrial relations consultants.  
CBE  
Mr. Kingsley Amis, author.  
Mr. D. R. G. Andrews, executive vice chairman, EL. For services to export.  
Mr. Arthur Askey, entertainer.  
Mr. J. B. A. Barton, associate director, Royal Shakespeare Company.  
Mr. D. R. Bartridge, chairman, South of Scotland Electricity Board.  
National Coal Board.  
Mr. C. E. B. Brett, chairman, Northern Ireland Housing Executive.  
Mr. J. Butler, director, Mersey Dock and Harbour Company.  
Mr. M. J. C. Cobham, chairman and chief executive, Flight Refuelling, for services to export.  
Mr. P. J. Cusick, group finance director, Guest, Keen and Nottelshoff, for services to export.  
Mr. G. Dawson, chairman, the Zenith Carburator Company.  
Mr. G. A. Drain, general secretary, National and Local Government Officers' Association.  
Chairman, Paper and Board Sector Working Party.  
Mr. M. D. Goodwin, chairman, Hewlett Stua. Plant.  
Mr. S. T. Graham, director and chief general manager, Midland Bank.  
Mr. A. A. Green, chairman, International Stores.  
Mr. R. Greenwood, manager, England Association Football Team.  
Mr. B. E. Gwynn, chairman, National Council of Building Material Producers.  
Chairman, Cement and Concrete Association.

Mr. R. W. Adams, managing director, A. H. McIntosh and Co.  
Mr. E. C. Ambler, writer.  
Mr. J. W. Barry, secretary, Scottish Live Aquaria Society.  
Mr. S. S. Bedford, author.  
Mr. G. A. P. Blackburn, technical director, Cammell Laird Shipbuilders.  
Mr. J. M. Silberman, chairman, Brent Group of Companies.  
Mr. P. A. C. Smith, chairman, British Shipbuilding Industry Association.  
Mr. F. Smith, senior partner, A. Smith and Sons.  
Mr. J. R. M. Southwood, director of engineering, National Nuclear Corporation.  
Mr. C. R. Stanton, editor of debates, House of Lords.  
Mr. R. V. Stroud, chairman, Wool Industries Research Association.  
Mr. E. B. T. Tanner, chairman, Desormet Machinery, for services to export.  
Mr. A. R. Hanbury-Tenison, chairman, Survival International.  
Mr. R. R. Valtch, deputy chairman, Plant Protection Division, Imperial Chemical Industries, for services to export.  
Mr. E. J. Westhead, director, British Executive Services Overseas.  
Mr. J. W. Wigley, chief executive, Royal Welsh Antiquarian Society.  
Mr. R. H. Wilcox, director, industrial relations, British Railways Board.  
MBE  
Mr. T. J. Aley, general secretary, British Poultry Breeders and Hatcheries Association.  
Mr. L. W. Allen, manager, training services, Victoria engineering group.  
Mr. G. E. Audley, general secretary, Association of Art Institutions.  
Mr. P. B. Boddycomb, safety director, marketing division, British Electric Plastics.  
Mr. P. W. Brinkley, director of export sales, SBD Construction Products.  
Mr. E. R. C. Brown, director of financial services, Rank Precision Industries.  
Mr. J. K. Brown, managing director, AB Electronic Components.  
Mr. W. G. B. B. project group manager, Marconi Space and Defence Systems.  
Mr. K. K. Chapple, for services to the Institute of Builders Merchants.  
Mr. R. C. Crammer, controller, Finninghams Resources and Security, Rolls Royce.  
Mr. G. S. Cummins, sales supervisor, Far East Commercial Division, British Petroleum.  
Mr. F. W. E. director, Thomas Scott and Co. (Manchester).  
Mr. R. H. H. chairman, chairman, Glasgow Fish Merchants Association.  
Mr. S. F. Flowerbury, senior medical rehabilitation officer, Medical Engineering Company.  
Mr. L. T. Foxwell, chief photographer, Westminster Press.

The Very Reverend R. C. D. Jasper, Dean of York, chairman, Church of England Liturgical Commission.  
Mr. W. Johnston, lately chairman, Meat and Livestock Commission.  
Mr. J. L. Knapton, co-chairman, Thomson McIntosh and Co. UK. Senior Partner Thomson McIntosh and Co.  
Mr. F. S. Law, chairman, Vario Group.  
Mr. D. W. Livingston, deputy chairman and managing director, Albright and Wilson.  
Miss Margaret Lockwood (Mrs. Lockwood), actress.  
Mr. P. S. Lucas, for services to sport.  
Mr. S. Lytle, chairman, Kirkcubbin Area Health Authority.  
Mr. R. C. Miquel, chairman and managing director, Arthur Bell and Sons.  
Mr. F. J. Moorfoot, chairman, Kodak, for services to export.  
Mr. A. D. Oakley, chairman, Australia New Zealand Trade Advisory Committee, and chairman, British Council, Australia British Trade Association, for services to export.  
Mr. P. S. Paine, managing director, Tyne Tees Television.  
Mr. J. H. Parfitt, chairman, Youth Hostels Association (England and Wales).  
Mr. N. Parkinson, photographer.  
Mr. J. B. Redman, chief executive and deputy chairman, Electrical Group in the UK. For services to export.  
Mr. L. K. Robinson, chief executive, Hampshire County Council.  
Mr. E. C. Sayers, chairman, Duport.  
Mr. A. G. Senior, lately director, WS Atkins and Partners.  
Mr. S. L. S. executive director, Commercial Union Assurance Company.  
Mr. R. C. Stow, lately chairman, Council of the Building Societies Association.  
Mr. P. G. Swann, director of Medical Services, Euro Europe Incorporated, for services to Occupational Medicine.  
Mr. V. Tausky, conductor, Director of Opera, Guildhall School of Music.  
Mr. B. J. Wilson, managing director, and chief executive, the Burnish Oil Company.



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## The other side of the hill

EVERY generation tends to need a landmark by which to measure whether things have got better or worse in the period since. For some it is the 1930s. For others it is the Second World War, or 1945 or the post-war recovery that began in the early 1950s.

Of course, the periods can be reassessed. Some historians now see the 1930s not as an era of depression, but as the beginning of a return to prosperity. Many of those who grew up in them tend to regard the 1950s as a golden age, despite Suez and despite Hungary, and despite the fact that living standards were then about half what they are today. The new conservatism, on the other hand, looks back at the '50s and says that that was the rot set in.

## Conservative

What is becoming increasingly clear, however, is that there is now a generation which has no obvious landmarks at all, no signposts to say "That was when life was sweet" or "That was when things began to get better." This is not just a British phenomenon. Throughout the western world the last few years must have seemed a period of at best lurching progress. At worst we have become like Alice, having to run faster and faster in order to stay in the same place.

If there is a landmark, it is more easily picked up by the economists than by the man in the street. It is 1973, the year of the October war in the Middle East, the first use of the oil weapon and the end of the post-war period of sustained economic growth. Since then, the economic cycles have become shorter, recovery has begun at ever higher rates of inflation and there has always been a fear of instability in the background. In Britain and America there has been a trend to one-term governments, illustrating either the inability of governments to deliver or a certain restlessness among the electorate, or both.

The political response has been in general conservative, even in countries where governments are nominally led by Social Democrats. And that is right, up to a point. The revolution of falling expectations, after all, has so far been less than a revolution. Who in

Britain would have predicted only a year or two ago that the country could have faced over two million unemployed with apparent equanimity? There does seem to be a general desire for retrenchment and consolidation before the next leap forward—if indeed anyone believes any longer that the next leap forward is possible.

One reason may be that the fall in living standards has not yet taken place. The rhetoric of conservative governments is stronger than the reality. President Carter promised a balanced budget, but look what happened. Not only did he fail in that objective; he is to be succeeded by an undisputed conservative in Mr. Reagan. Mrs. Thatcher promised to cut public expenditure, but has now reached the limits of what is possible on the manifesto on which she was elected. Meanwhile, public expenditure as a percentage of gross domestic product has been increasing.

Yet the fact that electorates continue to be willing to give majorities to conservative leaders suggests that a readiness to accept retrenchment still exists. It is the fulfilment that has been missing.

## Humane society

Something else is missing, too. It is the ability to talk about the other side of the hill. There is little to be said for retrenchment for its own sake. The real question is: retrenchment for what? The weakness of the new conservatism is that it looks mean. It cuts at the edges. It hurts the poor and the weak. It appears to protect its own people. It seeks to claw back the gains that have been made in more liberal times: civil rights in America or help for minorities in Britain. It fails to project a better future for all because it fails to demand sacrifices from all. It is the vision of a fairer, more humane society, and how the new technologies could help to that end, that is being lost.

If Mrs. Thatcher and Mr. Reagan can come back to that, while maintaining their determination to control expenditure and to reduce inflation, the new conservatism will deserve to be more than a passing phase. It may even be a new landmark. The prospects for 1981 look very bad; they could be very good.

## The right to manage

THE STRUGGLE to revive BL as a profitable car manufacturer has great importance for the industrial future of Britain. This is not only a question of employment and the balance of payments. BL is significant as a test of management's ability to regain ground which has been lost over many years and to find a solution to problems which, though usually in a less extreme form, are common to large parts of British industry. Failure at BL would be a serious blow to business confidence throughout the country. It would tend to confirm the view that the UK, unique among the major industrial countries, is unable to compete in high-volume manufacturing on a cost-effective basis.

The reasons for the decline of BL have been endlessly analysed. No doubt, like any other corporate failure, it must be regarded primarily as the responsibility of management. But it is clear that both before and after the 1968 takeover which created the company in its present form, disorderly labour relations in the big car factories have been a serious drag on profitability. Lack of discipline within the plants, failure to observe agreed procedures for handling disputes, the inability of management to exert its authority—all this has had a damaging effect on continuity of production and on levels of productivity.

Sir Michael Edwards, chairman of BL, has correctly judged that the re-establishment of management's ability and right to manage is a necessary condition for the restoration of the company. This has been a central theme in the company's conduct of labour relations over the past two years and it is the key issue in the current dispute.

## Appeal

The company has dismissed eight men, including six shop stewards, who are alleged to have taken a leading part in a near-riot at the Longbridge works last month. The dismissals were confirmed by the first stage of the internal appeals procedure, in which union officials took part. The next stage would have been a meeting known as the extended plant conference, involving more senior officials on both sides. But before this stage was reached an unofficial strike was

called in support of the dismissed men. Trust the management has followed procedure, the strikers have broken it. The company has been willing to let an official from the Advisory Conciliation and Arbitration Service participate in the appeal hearing, but it is not prepared, as the unions have been demanding, to hand over decision-making authority to an independent arbitrator.

A mass meeting of the strikers is to be held on Sunday, amid the familiar warnings of an impending collapse of the company. Meanwhile the management has indicated that if the strike continues it may bring in alternative labour to re-start the Mini and Metro production lines at Longbridge.

Adherence to rules of personnel conduct and discipline is basic to the efficient running of any factory—above all in a large, mass-production plant in which there is a high degree of inter-dependence between one section and another. Management has the task of ensuring that the rules are observed and of applying sanctions to those who break them—not in an autocratic or arbitrary way, but consistently and in line with agreed procedures. Similarly in the day-to-day handling of industrial relations there have to be rules and procedures for resolving disputes—rules which must be discussed and agreed with the representatives of employees but which, in the last resort, must be enforced by management.

## Security

Without this stable framework it is pointless to strive for new forms of participation and worker democracy.

It is possible that the Longbridge strikers will be sufficiently concerned about their own job security to return to work next week. The message has to be driven home, not only in BL but in industry at large, that action in defiance of agreements does not pay. Rising unemployment may tend to strengthen, at least temporarily, the bargaining power of management in its dealings with trade unions, but companies should be concerned in 1981, not to score easy victories, but to build a stable relationship with their employees which will last when the upturn comes. Firm implementation of agreed procedures is an essential part of this process.

1981

THE U.S. ECONOMY

## Two tricky goals for Reagan

By Professor Martin Feldstein



The impact of the Reagan agenda on the American economy will depend critically on how Congress deals with the legislative proposals. Economy watchers will be paying careful attention to the shape of the tax cuts as well as to the size of the first year deficit and changes in domestic spending programmes

MUCH OF the uncertainty about the U.S. economic outlook for 1981 is due to the fear that the Reagan Administration's two principal goals may be inconsistent. The incoming President has promised to reduce the rate of inflation that is now running at about 11 per cent. But he has also pledged to reduce personal and corporate taxes that have swelled in recent years to absorb a record share of national income and of the pre-tax profits of American business.

The Reagan Administration knows that these two goals are the principal campaign promises on which it will be judged in the Congressional elections just two years from now. And both goals also reflect the strong personal conviction of the new President and his close advisers. There is little doubt that these goals will be actively pursued in 1981.

The danger, however, is that the promised tax cut may frustrate the attempt to reduce inflation. Indeed, some critics charge that the Reagan Administration should reduce inflation but cannot and can reduce taxes but should not. My own view is that these critics are unduly pessimistic. Although achieving both goals will be neither as simple nor as painless as some of Reagan's supply side advisers once suggested I believe that the right combination of policies could reduce both inflation and taxes over the next two years.

## The supply side approach

One group of Reagan advisers has been much more optimistic arguing that the two goals are not only consistent but mutually reinforcing. The basic "supply side" argument put by this group is that reductions in personal tax rates would provide incentive to work more and to save more while investment oriented tax cuts for business would increase capital spending and thereby raise productivity. In the extreme "Laffer curve" version of the supply side case the resulting increase in national output would raise taxable income by enough to offset the reduction in tax rates. The tax cut would thus raise taxes and shrink the Government deficit, thereby reducing the inflationary pressure in the economy.

Not all supply side subscribers to this conclusion—indeed there may no longer be any who do. A more common and modest claim is that, although reductions in tax rates would cause tax revenues to fall, the increase in the supply of national income would exceed the increase in demand by consumers and companies. A further increase in national output would also be achieved by eliminating some of the plethora of government regulations that hamper productivity and deter innovation. Since the rise in output would exceed the rise in demand, the rate of inflation would naturally tend to fall.

The attraction of this strict supply side view is that it promises a painless transition from the existing malaise to a

healthier economy. Inflation is purged from the system not by an unpleasant dose of unemployment and low capacity utilisation but painlessly by rising output, and optimistic expectations.

All of this is possible but not very likely. Although the proposed tax changes would probably stimulate investment and productivity the magnitude of these supply effects would be especially in the first few years be much smaller than the increase in demand. The primary source of increased supply would be the rise in the capital stock and several years would be required for the resulting increase in output to equal the rise in investment spending.

Until then the extra demand for investment goods would exceed the economy's increased capacity to produce. While reductions in personal tax rates might well cause an increase in work effort there is no clear evidence that the resulting rise in output would ever exceed the increase in consumer spending that a tax cut would induce.

## Reduced demand pressure

A more likely prognosis for 1981 is that, despite a tax cut at some point during the year, the combination of tight money and the natural forces now at work will raise the unemployment rate and reduce inflationary demand pressures.

There is already strong evidence that the brief increase in economic activity that began in the late summer is fading. Residential construction activity and auto sales have begun to decline. The projected rate of capital goods spending in 1981 showed a real decline even when the prime rate was five percentage points below its year end value. The weak economies in Europe will mean reduced exports for the United States. And all of this will be happening at a time when industrial production is still several percentage points below its January 1980 peak.

Further deflationary pressure will come from the Federal Reserve Bank. The Fed has already announced that its target for 1981 is a lower growth of the monetary aggregates than in 1980. For M-1, the most closely watched of money stock measures, the maximum growth rate is supposed to be 6 per cent or about a full percentage point below the 1980 rate of increase.

If the Fed sticks with this target there will have to be a substantial drop in inflation, a significant rise in unemployment, or a miraculous increase in the economy's ability to operate with a relatively smaller stock of money.

Maintaining the current unemployment rate would require a real GNP to rise by more than 2 per cent next year. Add to this the current 11 per cent rate of increase in the GNP price

deflator and nominal GNP must rise at 13 per cent to maintain the inflation-unemployment status quo. This implies that the M-1 velocity—the ratio of nominal GNP to the M-1 measure of the money stock—must rise 7 per cent.

In contrast the average velocity increase in recent years has been only 3 per cent a year. Even if the actual money growth rate overshoots the Fed's target range by a percentage point historical experience implies that the growth of nominal GNP will be significantly less than 13 per cent. And this in turn means less than 2 per cent real growth of GNP and a reduction in inflationary pressure.

Whether the lower demand pressure will actually be sufficient to reduce inflation in 1981 will depend on the economy's response to the other inflationary shocks that will occur. The likely rapid de-regulation of all energy prices will give a one time boost to the price level.

## On taxes and spending

The higher food prices that are now expected will also raise the price index and then feed through the formal and informal cost of living provisions to raise wage costs and transfer payments. But although these changes will make it more difficult to achieve a significant inflation decline in 1981 they will make it easier to do so in 1982 if slack conditions persist.

But what about the fiscal side of the ledger? Won't the promised tax cuts increase the deficit by so much that an increase in inflation is inevitable?

In my opinion the danger of this has been overstated. The much discussed 10 per cent reduction in personal tax rates would lower tax revenue by about \$28bn or 1 per cent of GNP if it is enacted for the entire year. About two thirds of this tax cut would merely offset the extra taxes that individuals would otherwise pay as inflation moved their incomes into higher tax rate brackets in the rather finely graduated U.S. personal tax schedule.

Moreover, the across-the-board tax cut would accrue mainly to middle and upper income tax payers who could be expected to save a substantial fraction of their increased disposable income. And to the extent that the final tax bill includes specific saving incentives consumer demand may be reduced further.

While there has probably been too much worrying about the demand consequences of the personal tax cut there has been too little concern about the demand effects of the business tax reduction. Current plans call for shortening the depreciation lives for new investment in plant and equipment to offset the adverse effects of inflation and historic cost depreciation under existing law. Because the

new depreciation rules would be phased in slowly the revenue cost in the first year would be only about \$30m.

Although the stimulus to new investment could nevertheless be substantial, the actual size of this stimulus will depend very much on the particular transition rules. If the investment incentives are designed properly they can have favourable long run effects without inflationary short run consequences.

The spending side of the budget is another source of potential inflationary pressure, although here, too, the pessimists have probably been too worried. Although the Reagan Administration is committed to a significant increase in military spending, there is little scope to raise these outlays in 1981 except to increase the pay level of existing military personnel. And even a sharp 10 per cent increase in military spending would cost only about \$15bn or less than 3 per cent of total Government outlays.

To offset the higher level of military spending and the future reductions in taxes, the Reagan Administration will be looking for ways to reduce non-defence spending. The sharp and critical eye of the able new budget director, former Congressman David Stockman, will focus on transfer programmes, aid to state and local government, federal health care spending, and a variety of other programmes that expanded in the 1960s and 1970s.

If Congress is responsive to the anti-spending sentiment that the voters expressed in the presidential, Congressional and local elections in November next year may well see the major spending cuts that the Administration is going to propose.

## The Congressional influence

The impact of the Reagan agenda on the American economy will depend critically on how Congress deals with the new Administration's legislative proposals. Economy watchers in 1981 will be paying careful attention to the shape of the tax cuts that emerge from Congress as well as to the size of the first year deficit and the changes in domestic spending programmes.

If all goes well the result will not be a painless burst of rapid growth and sharply falling inflation in 1981. The economy may limp along with a high unemployment rate and low rate of productivity increase for at least another year or two. But by mid-1982 a period of sustained slack and of consistent monetary policy could begin to pay off in a significant decline in inflation. And the fundamental changes in tax rules and spending priorities should help to lay foundation for a new period of sustained economic growth in the 1980s.

Professor Feldstein is Professor of Economics at Harvard University and president of the U.S. National Bureau of Economic Research.

## MEN AND MATTERS

## Mr. Zbig and Hodd's lore

Political memoirs that could make those of Richard Crossman, Barbara Castle or even Joe Haines appear discreet, will shortly appear in the glossy pages of Playboy.

As a gesture to propriety and discretion, Hoddling Carter, III, the former press secretary to ex-Secretary of State Cyrus Vance, has ensured that his impressions are printed in the magazine's February edition. It should, however, be on the streets in Washington well before his former employers leave the White House.

Loyalty is clearly Hoddling Carter's strong point. Of Vance's rival National Security Adviser Zbigniew Brzezinski, he writes: "A second-rate thinker in a field infested with poseurs and careerists, he has never let consistency get in the way of self-promotion or old theories impede new policy acrobatics."

And if Democrats for Reagan have had any second thoughts, they might be encouraged by H. Carter's unequivocal verdict on his namesake. "He would choose the Vance position one month and the Brzezinski position the next."

"He could send State Department officials out to sell the neutron bomb to our European allies, then publicly decide against its production while they were still out selling. Much the same thing happened with the Olympic boycott decision, announced shortly after our allies had been told it wasn't on the cards."

Vance, Carter insists, was too gentlemanly to play the political game—a fault that his former underling clearly does not share.

In the can

It was felt with some confidence in June that the three and a-half minute annual meeting of Mallinson Denny set a limit to brevity which could not reasonably be surpassed. But in the dying hours of 1980, the record has been overturned. For out in the furthest reaches of East Anglia, away from the burly-burly of the City, Lockwoods Foods chairman Philip Lockwood showed yesterday a dazzling turn of speed which enabled him to discharge his yearly duties in no more than three minutes and 15 seconds.

It may be that, as happened after Roger Bannister's breaking of the four-minute mile, boards will develop previously inconceivable technical skills, consigning today's records to the history books. It will not, however, be easy, for the going was all but perfect yesterday in the Lockwoods headquarters.

The notice of meeting and auditors' report were taken as read. There was no statement of current trading to impede progress, and no questions. The last factor was not terribly surprising, since the combination of time—the Christmas/New Year interregnum—and place—Long Sutton, about 20 miles from Spalding in Lincolnshire—conspired to keep the shareholders away in droves. There were, by my count, only four attendees excluding the board

and including myself.

Was it always like this? I asked the £83,500-a-year Lockwood, over from his Normandy home for the occasion. The throng is, he explained, sometimes swelled by one or two local farmers. Otherwise, yes. This time round, the memory of a £3.2m net deficit for 1980 was evidently not enough to stir even them.

## Country life

Even we city types like to pull on the green gumboots from time to time and plod out into the shires. Particularly when the prospect is one so intriguing as a project in Humberside to take pig-breeding forward to the frontiers of the new technology.

Not for Driffeld's Northern Pig Developments the bucket of swill and sackful of bran dumped liberally among its strutting charges. Its Esicare Pig System monitors with the cybernetic sophistication of an Apple microcomputer feed, growth and general well-being through every micro-second of the porcine life. So successful has Esicare been that it has won this year's euphoniously-named National Pig New Equipment Award.

But Northern Pig Developments is not all earthenware. The five companies within its ambit include a chain of ice-cream parlours—a disconcerting thought—and an aviation company based at Yeading airport. It is, therefore, with studiously good taste that I have avoided any reference to the clearly imminent possibility that, in Humberside at least, pigs might fly.

## Revlon's eyelid

A \$750,000 media research grant made by U.S. cosmetic group Revlon to Rockefeller University has failed to win the hearts of British animal-welfare campaigners. The grant, which follows a campaign of protest

in the U.S., is to finance an alternative to the "Draize" irritancy test, whereby rabbits are used to explore the potentially damaging effects of inadvertent contact between cosmetics and the eye.

Henry Spira, a leading U.S. opponent of Revlon's involvement in such tests, has suggested such-off, protests in view of the grant. But his British counterpart, Joan Pink of Animal Aid, disagrees. "I said he could do what he liked in the U.S., but in Britain the demonstrations will continue," she explains. Pink wants nothing less than an immediate halt to the test.

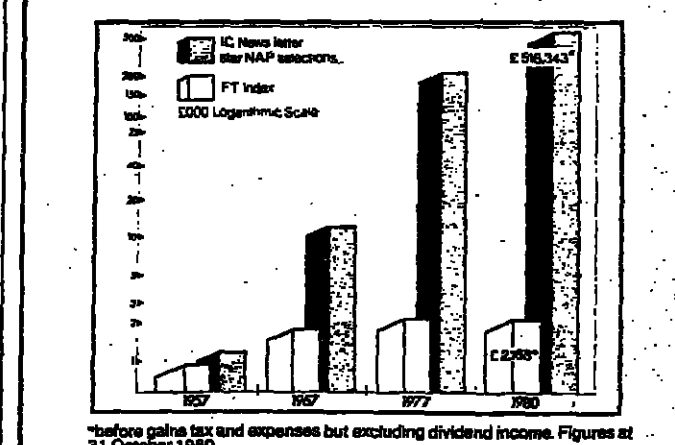
Revlon maintains that "consumer protection" is its priority, and that the Draize test is the only one of its type acceptable to the U.S. Food and Drug Administration. But its commitment to the establishing of an acceptable non-animal version has now overruled its appeals to other leading companies including Avon, Johnson and Johnson, and Max Factor to join it in supporting the research.

## What's their line?

A challenge to ingenuity and the opportunity to win a conspicuously desirable prize are the by-products of one of the IBA's less taxing orders to its TV contractors. It has told ATV to find itself a new name which reflects more clearly its affiliation with "the dual region of the east and west midlands".

ATV, sporting chips that they are, have decided to throw the challenge open, and to reward the successful suggestion with a case of champagne, no less. The only caveat is that the company does not want to be deluged with anything too mundanely obvious. A dustbin will be set aside for proposals such as "Merica Television" or "Midlands TV." Suggestions to New Name, Audience Relations, ATV Birmingham, B12JP.

## HERE'S A TALL INVESTMENT STORY



Before gains tax and expenses but excluding dividend income. Figures at 31 October 1980.

At the beginning of every year, the IC News Letter selects a number of shares (generally six) which it tips for capital growth over the following twelve months. How well these Star Nap Selections perform historically can be judged from our chart. If you'd invested £1,000 in the shares in 1967, reinvesting any dividends, you would now be worth around a cool £24,000. Which is not bad, particularly when compared to the tribulations of the FT Index over the same period. Considering 1980 alone—the Star Naps have shown an increase of 98.8% against a mere 17.5% rise in the FT Index.

But these successes are not just confined to the Star Nap Selections. For example in May 1979 we recommended 11 oil shares which were up 312% on average at 13 November 1980, led by Sovereign Oil & Gas—up 700%! Good results have also been achieved across the full spectrum from non-oil natural resources (notably Australian) to industrial equities.

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As we said £1,000 invested in 1967 would now be worth around £24,000. And if you invested the same way for the next 24 years? We'll leave you and your overworked calculator to think about it. Before gains tax and expenses but excluding dividend income. Figures at 31 October 1980.

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1981

THE BRITISH ECONOMY

# Need for a long-term jobs strategy

By Professor Alan Ball

THE LATEST figures available make it clear that, in real terms, the recession in the economy has come faster and is deeper than most people expected. Gross Domestic Product (GDP) in 1980 is likely to show a fall of about 3 per cent, with a substantially greater fall in industrial production. In line with the decline in production, but with less lag than has historically been experienced, unemployment has risen sharply.

The level of domestic output must be expected to continue to fall into 1981 and, at best, the earliest time for a recovery on a modest scale is the second half of the year. As a by-product of the severity of the recession, the rate of inflation has fallen faster than most forecasts, and the current account of the balance of payments has moved into surplus.

These developments have been accompanied by a failure of the Government to achieve its monetary targets in terms of sterling M3, and an over-run on the desired borrowing requirement in the current financial year of probably at least £3bn. In nominal terms, public expenditure on current account will have risen by more than 20 per cent in the fiscal year.

The financial disequilibrium as represented by the incompatibility of the Government's monetary targets and the fiscal position has resulted in continuing high levels of nominal interest rates and upward pressure on the exchange rate, apart from the impact upon it of the strong oil account.

Prospects for output and employment in 1981 must remain bleak. For a variety of reasons the inflationary hangover has been more severe and will persist for longer than had been expected a year ago.

## Causes of the recession

It is becoming increasingly accepted that the principal cause of the developing recession and the rise in unemployment is the contractionary fiscal and monetary policy of the Government. By any historical standards, such a thesis seems hard to sustain. In the current financial year, the Government's borrowing requirement is likely to be at least 6 per cent of the value of the GDP. The underlying growth in the money

supply (M3), is likely to be at least 15 per cent, no less than the average rate of the past two calendar years.

The increase in nominal public spending in the current financial year will be well over twice the annual rate for the financial year 1977-78—the lowest point for the last seven years. During 1980 current forecasts indicate that the increase in nominal expenditure in the economy will have run at a level that has not been exceeded since 1974. How, in the context of such apparent financial laxity, have we found ourselves in the grip of the most serious industrial recession since World War II?

Part of the explanation lies in the general impact of the rise in oil prices in 1979 on the world economy. In 1980, world wholesale prices of manufactures will have run at nearly three times the rate of the world recovery year of 1978. Consumer prices in the industrial world will have risen at a rate 60 per cent higher than in 1978. The strong pound has done much to mitigate the impact of the rise in world prices on our economy, but the fact that recession in the UK is clearly greater than elsewhere casts on the specific causes of the recession a light that is not enough to prevent the real stock of money declining and so the onset of the recession. As I pointed out in this column last year, it was clear from the outset that the Government was going to have great difficulties in reconciling the tax reduction programme with monetary control. With hindsight, it is apparent that this point could have been made much more forcibly. In the light of the inflationary impetus built into the system, the rise in VAT, pressure on nationalised industry prices, and the acceptance of Clegg, the monetary and fiscal targets that the Government attempted to pursue since coming to office were over-ambitious.

The attempt to impose monetary control against a background of rapidly-increasing nominal public spending places an intolerable burden on the private sector in the process of getting the rate of inflation down. Such pressure inevitably leads the private sector to call for relaxation of monetary policy in the interest of short-term survival. Industry veers toward the camp of those who believe

pay increases outside the nationalised industries, it was not the government who negotiated pay increases in the manufacturing sector which, in the light of current conditions, it could not possibly afford.

Such pay increases, on which were superimposed monopoly price increases in the nationalised industries and the Government's own ill-advised increase in the rate of VAT, turned a lax fiscal and monetary policy into a tight one. High levels of interest rates which the private sector has had to endure are the product of inconsistency between the Government's monetary and fiscal policy and the premature desire to alter the burden and nature of taxation ahead of capacity to bring nominal public spending under control. But the agony of a rising exchange rate and a loss of competitiveness cannot simply be laid at the Government's door. It is inflation which lies at the heart of the recession.

## Monetary controls

Monetary and fiscal policy have already been to some extent accommodating, although not enough to prevent the real stock of money declining and so the onset of the recession. As I pointed out in this column last year, it was clear from the outset that the Government was going to have great difficulties in reconciling the tax reduction programme with monetary control. With hindsight, it is apparent that this point could have been made much more forcibly. In the light of the inflationary impetus built into the system, the rise in VAT, pressure on nationalised industry prices, and the acceptance of Clegg, the monetary and fiscal targets that the Government attempted to pursue since coming to office were over-ambitious.

The attempt to impose monetary control against a background of rapidly-increasing nominal public spending places an intolerable burden on the private sector in the process of getting the rate of inflation down. Such pressure inevitably leads the private sector to call for relaxation of monetary policy in the interest of short-term survival. Industry veers toward the camp of those who believe

that another dose of reflationary medicine will have permanent effects on the level of output and employment, rather than being dissipated in yet another round of spiralling incomes and prices. The devil's alternative rears its ugly head, monetary policy is discredited and soon inflation again accelerates. That is the danger we now face.

## North Sea oil and the exchange rate

While forecasting the exchange rate has proved to be one of the more hazardous

but to return to a lower equilibrium level as increased real spending takes place in the wake of a fall in the rate of inflation. It is this argument that basically underlies many forecasts of a fall in the exchange rate as the current account moves back into balance. However, under certain circumstances a premium element may remain because of North Sea oil, which has been associated with the problem of the decline in manufacturing industry.

There is also a problem here of what is temporary and what is permanent, even leaving the

manufacturing to services is entirely conditioned by the nature of the adjustment process, since, unless the benefit from North Sea oil is enjoyed through the imports and capital exports, the only other way in which it can be is through such a structural shift.

The upshot is an empirical question and it must be said that the principal current difficulty is in assigning magnitudes to the three sets of forces at work. The best guess at present, and it is no more than that, is that—in the absence of any immediate further oil price explosion—the real exchange rate will weaken during 1981 and into 1982, but not sufficiently to prevent some degree of de-industrialisation, that is, some permanent loss of existing export capacity. Whether that is made good by additional export capacity in the future is part of the issue as to the extent and nature of economic recovery.

## Prospects for recovery

The prospects for economic recovery must be seen against the distinction between the cyclical and the trend behaviour of output and unemployment. The behaviour of adult unemployment as a per cent of the labour force since 1963 is recorded in the chart. Irrespective of the government in office, the record has been one of increasing unemployment at both the peaks and the troughs of the cycle.

The story is simple to tell, if tragic in its outcome. Repeated attempts to stimulate output and employment through public policies to increase overall monetary demand have resulted in successive bouts of inflation. In the process of adjusting to the inflation, profit margins are squeezed and unemployment rises, jobs are destroyed and industry weakened. The next time the dose is repeated, the supply response is reduced further, the inflation takes off more rapidly and the underlying rate of unemployment rises yet again.

In the most recent upswing, during which real disposable income rose by 15 per cent in two years, unemployment fell by only 100,000. It is these episodes of inflationary expansion which have been eating away the heart of British

industry for nearly two decades. To see current problems simply in the context of the policies currently being pursued by government is to misunderstand their fundamental nature and to point to remedies that stand condemned by historical experience.

In adjusting to these inflationary outbursts, part of the increase in unemployment is temporary in that it will be reduced by the natural recovery of real demand as inflation falls, and part is of a longer term nature which requires adjustment in the labour market over a longer (and from a political perspective, too long) period. Provided that inflation is brought under control, the upturn which is expected in 1981-1982 will reflect the elimination of this (temporary) unemployment, but will do no more than half the upward trend in unemployment. While it is clear that the interpretation of unemployment figures is difficult in the face of legislation and benefits, which encourage a certain degree of voluntary unemployment and the emergence of the black economy, it is clear that there will remain a hard core of unemployment that is the legacy of the mistaken inflationary policies of the past.

This hard core of unemployment will not be eliminated by reverting to past attempts at cure by simply raising the level of nominal expenditure through increasing public spending or cutting taxes, irrespective of the consequences for the monetary aggregates. Nor can we depend on the crutches of so-called incomes policies or general protection against foreign competition. The central problem is not the physical capacity of the system, but the economic capacity where this reflects the ability to compete in world markets at a profit.

For some kind of permanent incomes policy to affect this economic capacity requires control not over money wages but over real wages, which is in practice irreconcilable with a free economic society. Even the control of real wages will not guarantee the new business initiatives that are needed. The problems of exploiting the benefits of North Sea oil make the protectionist strategy totally irrelevant.

Protectionism in the past has been advocated to prevent the erosion of industry capacity, which is needed in order to pay

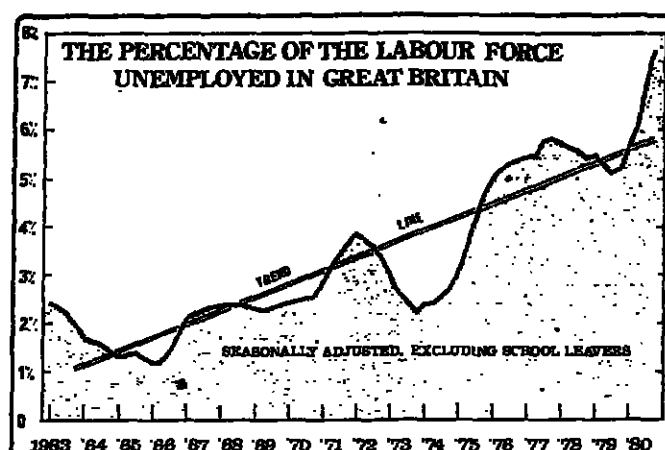
for our import needs, particularly of food and raw materials. North Sea oil has stood this problem on its head. The difficulties that arise stem not from an incapacity to pay for our necessary imports, but from the fact that they can now be paid for too easily. Additional protection will only strengthen the exchange rate and exacerbate the pressure on exporters who will bear the cost of any benefits that accrue to import competing industries by making them even less necessary than before.

Neither practical monetarism nor the different brands of Keynesianism with or without incomes policies or protection can deal with core unemployment. Practical monetarism has never supposed that policies such as those associated with the medium-term financial strategy could ever do so. Their initial position rests on the argument that, unless financial and monetary control is achieved and inflation held in check, nothing will ever come right. It is a necessary but not a sufficient condition for ultimate success. To go further is to require the development of a coherent industrial strategy within the framework of the medium-term financial strategy.

This means almost certainly that any further ambitions to reduce the burden of personal taxation in the immediate future must be set aside in the interests of manufacturing industry. Any financial flexibility that arises from the effect of North Sea oil on the Government's borrowing requirement must not be dissipated in attempts to raise the general level of nominal expenditure, but focussed on direct aid aimed at facilitating the structural change that manufacturing industry needs to undergo, and in providing the infrastructure that industry needs over the next decade.

Such an industrial policy will not yield short-term results. It can hardly be started before inflation is brought under control. But it represents the challenge that faces the Government and both sides of industry, to which there are no easy or magic responses. At least if we can define what the problem is, and dispose of the facile solutions that are offered on all sides, we might at least begin to make a start.

Professor Ball is the Principal of the London Business School.



1981

EAST-WEST RELATIONS

# Many unpredictable elements

By Ian Davidson, Foreign Affairs Editor

OVER THE past year it has become almost a cliché to say that the world has become more dangerous and unstable than it has been for 30 years or so. The Soviet military build-up, the consequent stalemate in the U.S. Congress of the second Strategic Arms Limitation Treaty (SALT II), the Iranian revolution, the Soviet invasion of Afghanistan, the Iran-Iraq war, the emergence of the free trade union movement in Poland, the election of Ronald Reagan to the U.S. Presidency on a strongly nationalistic platform, are all unpredictable elements any number of which could combine to form an explosive mixture.

Moreover, it is hard to believe that any of these elements will be safely neutralised in the foreseeable future. During the closing phases of his election campaign, Ronald Reagan went out of his way to counteract the impression that he was, or could be charged with being, a warmonger, and he has indicated that he wishes the arms control process to continue in some form or other.

But any attempt to renegotiate the SALT II agreement must be very time-consuming and fraught with difficulties, and those difficulties can only be exacerbated if the new U.S. Administration presses ahead (as it surely will) with its declared aim of substantially stepping-up the American defence effort at the same time.

Fears that the Iran-Iraq war could indirectly trigger off a major international conflict involving the superpowers now look distinctly overdone. But it is still not absurd to suppose that the inherent instability in the Middle East region could yet incite the Soviet Union to intervene in ways that could cause the West anything from inconvenience to serious damage (let alone that Moscow may, directly or indirectly, use force to bring the Polish trade union movement to heel).

What is more, the political causes of friction are being aggravated by factors of economic stress, and in the medium term these economic difficulties are likely to get worse. After inauguration day, Mr. Reagan may back away from his optimistic undertaking to cut taxes, balance the federal budget and increase defence spending by a large margin. But there can be little doubt that the world as a whole is facing a period of much lower growth than we were accustomed to in the 1960s, as well as much

higher inflation and much higher unemployment.

There may or may not be a case for America (and the European members of NATO) to strengthen their defence capabilities, just in terms of the potential threat from the Soviet Union and its Warsaw Pact allies. But in the straitened economic circumstances of the next few years, there is bound to be a conflict between bigger defence budgets and welfare expectations, within the constraints of economies which will be producing little growth, lengthening unemployment queues, and a growing army of pensioners.

These stresses have already started to make themselves felt in trans-Atlantic arguments over whether the European members of NATO are really living up to their pledge to increase real defence spending by 3 per cent a year, and it is a safe bet that these arguments will get angrier in the years to come. The Dutch and the Danes are now openly chided by NATO officials for their inadequate defence efforts, and it would be imprudent to assume that the British defence ministry will in future be as successful as it was in 1980 in limiting the cuts in defence spending demanded by the British Treasury.

The conflict between the claims of defence and social welfare is likely to be less acute in the United States than in Europe, partly because America is less burdened with welfare and employment protection legislation, and partly because (on the evidence of the Reagan landslide) there is genuine popular support for the idea of a militarily stronger America; moreover it is possible that the U.S. economy will prove more adaptable to the oil crisis era, and thus generate the growth required for more defence spending.

Yet, paradoxically, relative European shortcomings on the defence front are likely to be seen—already being seen—in the U.S., not as the consequences of tight, anti-inflationary budgets, and the accumulated constraints of three decades of welfareism, but as evidence that the Europeans are becoming defeatist.

That there is a defeatist or pacifist streak in some NATO countries in northern Europe is not deniable, nor that most European governments take a rather more complex view of East-West relations than the right wing of the Republican Party. But regardless of the

explanations which might be given, the defence budget issue is almost bound to become a bitter bone of contention.

This could cut across the need for the Americans and the Europeans to work out together how best to deploy the resources that are likely to be available in the defence of peace. In the second place, it could lead the U.S. to take the view (already being advanced by some voices in America) that, if the Europeans are not prepared to defend themselves, then they do not deserve to be defended by the U.S.

## Oil wealth problems

In the event, the Iran-Iraq war has not so far cut off oil supplies from the non-belligerent states in the Gulf, and the Iranian revolution has not so far been imitated by any of its Middle East neighbours. Yet it is obvious that the wealth from oil which has flooded into the region in the past decade is a powerful agent of potential instability, as well as an enormous strategic prize for outsiders.

The most pressing dilemma for the West is to evolve, more coherently than proved possible under President Carter, a joint strategy for facing the potential dangers in the Middle East, and to avoid a situation where the Middle East problem simply aggravates the argument over defence spending.

Much depends on what happens in Poland, where the outlook remains as uncertain as ever. On the face of it, it would seem impossible for the Soviet Union to tolerate the emergence and survival of free trade unions in any satellite country, not so much because it flies in the face of Communist ideology, as because it constitutes a challenge to authoritarian government and, thus, indirectly, a challenge to the Soviet empire. Yet so far there has been no Soviet intervention; warning noises and militaristic gestures, but no violent repression.

If the Russians do invade Poland, or cause it to be invaded by Warsaw Pact troops, they can be sure of at least four consequences.

First, East-West relations, already at their coldest for many years, would return to a frigid not known since the Cold War.

Second, such a move coming

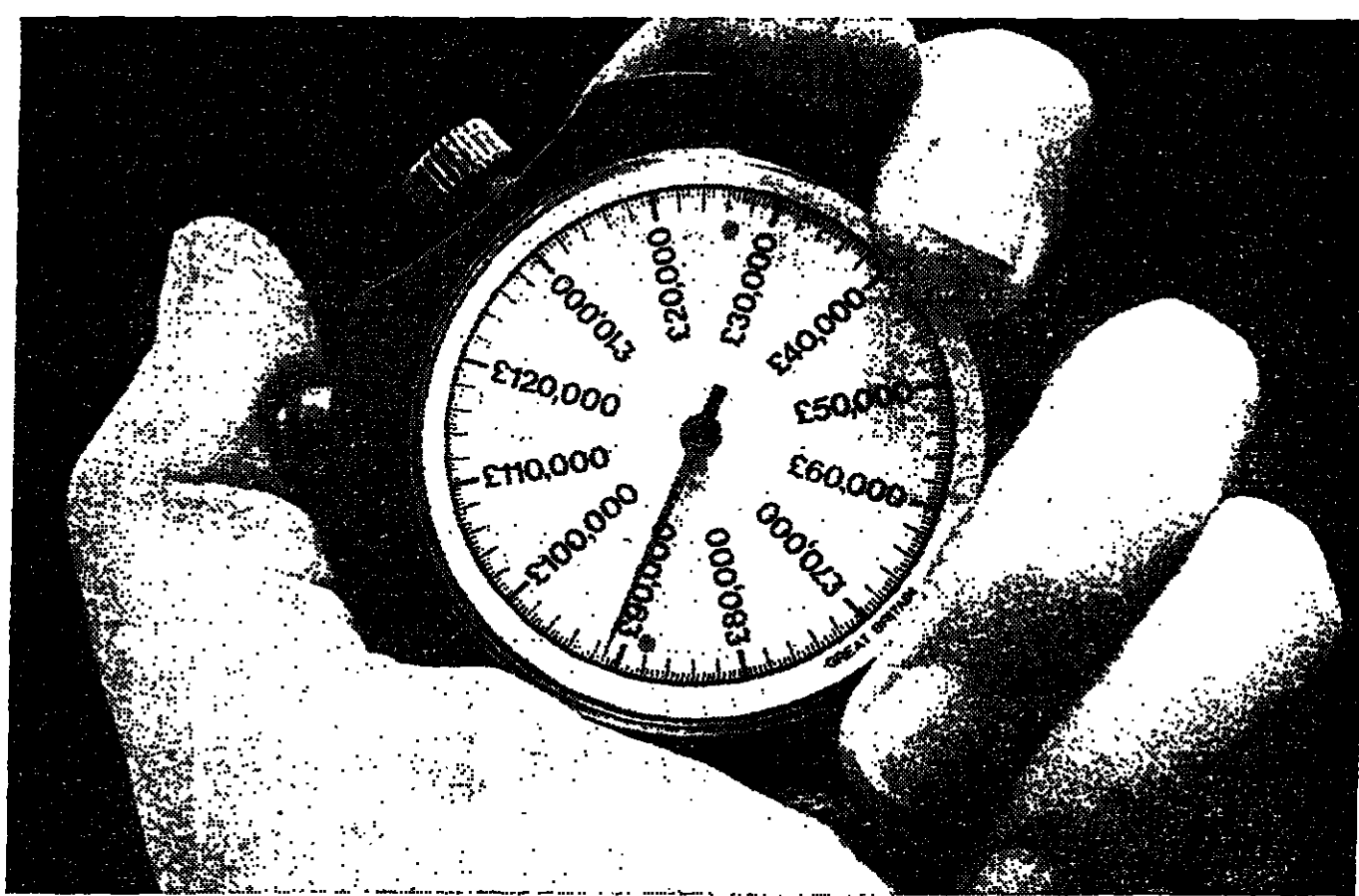
on top of the invasion of Afghanistan, would go far to close the cracks in the Western alliance, though without necessarily creating unanimity on the appropriate responses.

Third, it would impose a considerable economic cost on the Soviet Union, quite apart from the bloodshed and destruction, which would probably be much greater in the case of Poland than it has so far been in Afghanistan, and even that war shows no sign of ending. Indirectly, a Soviet repression in Poland would be bound to lead to a reduction of trade, technology and finance from the West; directly, it would probably mean that the Soviet Union would have to take responsibility for financing Poland's \$23bn external debt.

Fourth, a Soviet invasion of Poland might well trigger off a new East-West arms race. And while in present circumstances the Soviet Union might be in a position to enter an arms race with America and at least be sure of not losing (though at heavy economic cost), it might be a different matter to enter such an arms race while simultaneously holding down, and bailing out, the Poles.

Whether these penalties will be enough to deter the Russians remains from day to day an open question. The only relatively safe way they can be sure of the suppression of the trades union challenge is for the new Polish leadership to do the suppressing, if necessary calling on the assistance of the Warsaw Pact to back it up. But so far the Polish leadership has shown no sign of going down this road, and with every week that passes it becomes more difficult to suborn, intimidate or otherwise undermine the Solidarity trades union by inconspicuous methods.

At this delicate juncture, it remains conceivable that Ronald Reagan could tilt the balance, or at least buy time for the Solidarity trades union, by the way he approaches the Soviet Union in his first weeks in office. It may be just possible that, in exchange for the prospect of the continuation of trade, technology and finance from the West, and the chance of a meeting of minds on a resuscitated SALT treaty, the Soviet leadership would be prepared to turn a blind eye to Mr. Lech Walesa's challenge to the Soviet system. On the face of it, this is an implausible hypothesis, but every passing week makes it fractionally less implausible.



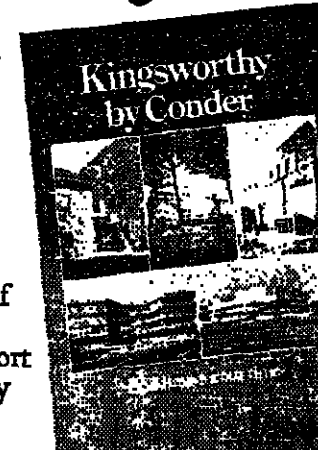
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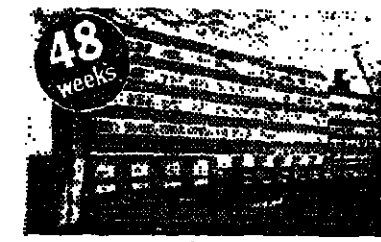
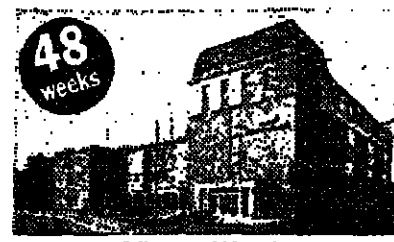


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## Benlox to raise £0.68m by rights

Benlox Holdings, the small building and contracting group, where the composition of the board changed substantially in October, following transactions involving one quarter of the shares, is raising £575,000 by way of a rights issue of 2.34m 10p shares.

The basis is one new share at 30p for each one held on December 23—the shares closed at 39p yesterday, down 4p.

Benlox has also reported pre-tax profit in the six months to August 31, of £238,000 (1979: £201,000). Earnings per share were 1.03p (1.77p) no interim dividend was declared in either period. An extraordinary charge of £16,000 included £14,000 for investigation and professional costs of abortive negotiations for possible acquisitions.

The chairman, Mr. R. D. Harnett, said he was confident the company would trade at the same level in the second half.

The rights issue proceeds will be used to finance the development of the company's stone-masonry businesses as well as to provide funds for investment, particularly in manufacturing, as opportunities arise.

The issue has been underwritten by Fiske and Co., who are also brokers to the issue. Dealings in the new shares began on January 19 and the final day for acceptance is February 6. An EGM will be held on January 16 to approve an increase in the authorised share capital from £0.3m to £0.6m by the creation of 3m 10p shares.

Last year, Benlox raised £0.2m in a four-for-five rights issue at 20p a share.

## CI expects significant midway loss

A SIGNIFICANT LOSS is expected in the first half of the current year at Caravans International, Mr. S. Alper, chairman, says in his annual review.

Trading conditions remain difficult and the benefit of the saving in bank interest, expected from the receipt of proceeds from the disposal of the South African interests, will not be received until the second half.

The directors anticipate an improvement in conditions for the group by then, although Mr. Alper says it is impossible to forecast the full-year's result with any precision.

As known, pre-tax profits for the year ended August 31, 1980 slumped from £2.1m to £0.14m and only a nominal 0.1p dividend, against 5.2p, is being paid.

## BIDS AND DEALS CMT claims Hanson bid price "totally inadequate"

IN a circular formally giving the directors' reasons for advising shareholders in Central Manufacturing and Trading to reject the bid from Hanson Trust, the group's acting chairman, Mr. Robert Lewis dismisses the bid as "an opportunistic attempt to acquire CMT at a low point in the economic cycle."

He goes on to say that the price—one Hanson share for every four CMT shares or 40p cash—is "totally inadequate" and takes no account of the substantial reduction in borrowings or the forecast recovery in profits and dividends.

Mr. Lewis reiterates the financial and organisational changes which have recently taken place in CMT. The directors are satisfied that these measures are taking effect and forecast a "substantial" recovery in profitability for the year ending July 31, 1981, even though the immediate outlook is not good.

Management accounts for the first four months of the current year show that CMT was trading profitably after finance charges, while borrowings had been reduced to £5.4m by November 30 (against £8.4m in July and £16.9m a year ago).

On the basis of their profit forecast, the directors have decided that, unless prevented

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**  
Interim—W. & A. Morris  
Future Dates  
Electronic Rentals Jan. 8  
Hellas Jan. 8  
Racal Electronics Jan. 29  
Finals  
Anglia Television Jan. 21  
Birmingham Palace Jan. 8  
Kershaw (A.) Jan. 22  
Pleasure Ship Canal Feb. 8  
Pleasure Jan. 8  
Rank Organisation Jan. 22

and to the cash alternative. Hanson Trust responded to the rejection document by replying that its offer lapses on January 5, 1981 and will not be increased. The statement views with scepticism the assumptions on which CMT's profit forecast is based.

Earnings of £1.2m would be needed to cover a 3p dividend once Mr. Martin Taylor, a director of Hanson, argued that most of this must remain to be earned in the final eight months, otherwise CMT would have said more exactly how profitably it had traded to date.

This doubt about current profitability was echoed by Mr. James Leek of Caparo, which now holds 18.6 per cent of CMT. Caparo has consistently opposed the Hanson bid and continued to buy CMT shares in the market at a premium to the Hanson offer, but has held back from offering a counter-offer until more precise figures were made available to it.

The present statement does not satisfy Caparo's needs, Mr. Leek said. In particular, the talk of substantial recovery was left unclear whether recovery was to be calculated from last year's pre-tax loss of £591,000 or the profit of £308,000 against which £900,000 of stock write-downs were made.

## RCM continues capital spending

BY GEORGE MILLING-STANLEY

EXPANSION CONTINUES at Zambia's 61 per cent state-owned copper and cobalt producing Roan Consolidated Mines, despite the company's recent history of falling profits on both of its products.

Following the recent disclosure of a Kwacha 53m (£31m) capital expenditure programme to expand cobalt output, RCM yesterday announced that it is to spend a further £18.7m on installing a conveyor belt to link its Babuba mine with the metallurgical plant at Luanshya, both on Zambia's copperbelt.

Babuba is the company's newest producer, and has reserves of more than 62m tonnes of ore, grading 2.88 per cent copper and 0.16 per cent cobalt.

At present, the mine's daily output of some 6,000 tonnes of ore is transported by rail to Luanshya for processing. Under an expansion programme now taking place, Babuba's output will almost double to around 11,000 tonnes of ore a day, which is to be taken for the rail system to handle.

About half of the money to

be spent will go to a British company, Cable Belt, with the remainder going to domestic Zambian companies.

Preparation of the route, much of which runs through virgin bush, will begin in January, with completion scheduled for August 1982.

RCM's larger sister company, Nchanga Consolidated Copper Mines, has announced plans to cut costs by reducing its labour force of 35,000 by 10 per cent through natural wastage.

On the basis of normal steel turnover, NCCM said that its cost-cutting programme would save about a year's worth of work.

NCCM's profits for the first quarter ended on June 30 fell by 13 per cent to £10.7m, and the cuts have been decided on the basis of the company's present financial position, according to Zambian press reports.

All divisional establishments are to be reducing an overall minimum of 10 per cent, with specific 10 per cent cut in jobs currently filled by expatriates.

## E. Bailey boost London Inv. Trust in first half

GROUP pre-tax profits of London Investment Trust, formerly known as Catel Trust, came out at £475,326 (£9,423) in the six months ended September 30, 1980, on turnover of £10.1m (nil). The results show the impact at the interim stage of E. Bailey Commodities, which was acquired last year and contributed the bulk of the latest pre-tax profits.

Associated company profits of £570 (£1,055) represented the 36.3 per cent of the profits of Investors Savings Trust up to September 3, the date of the acquisition of a further 63.28 per cent of the company. Tax took £283,497 (nil).

An interim dividend of 0.35 net (1979 nil) has been declared and, subject to unforeseen circumstances, the board will recommend total dividends for the year of not less than 1.25p.

LIT, which has three ex-Slater Walker men on the board and recently held off an attempt by Australian businessman Mr. Alan Bond to buy a sizeable minority stake, has been transformed by the acquisition of E. Bailey Commodities.

Progress made at Bailey is "most satisfactory," the company has joined the London Potato Futures Association, has become a member of the International Petroleum Exchange and is exploring the most appropriate monetary and financial futures markets as and when these open in London.

On 29 September, the directors report, LIT acquired Petersham House through its subsidiary LIT Properties and although a small contribution to profits is expected in the current year, "the main benefit of the acquisition will not be felt until 1981-1982."

LIT is looking at a number of possible bid situations but a spokesman stressed that no announcement is imminent.

## Holt Lloyd sees lower second half

In a letter to shareholders, Mr. T. Heywood, chairman of Holt Lloyd International, the car-care products group, says that while profits in the second half of the current year continue to be substantial, they will not be as high as the £2m achieved in the first six months.

The chairman remains reasonably optimistic about next year, but in the prevailing climate, takes a cautious view.

## Poor turnout for three annual meetings

The few shareholders who attended yesterday's annual meetings of W. Ribbons, Lockwood, and Wyndham—all with their own special problems—were told little or nothing about trading and prospects.

**Yearlings slip**  
The interest rate on this week's issues of local authority yearling bonds has fallen 1/2 of a point to 14 per cent. The bonds are issued at par and dated January 6, 1982.

## Johnson and Barnes losses climb to over £229,000

Losses before tax of Johnson and Barnes, clothing manufacturer, jumped from £70,745 to £229,569 in the first half of 1980, on turnover down at £776,747 against £1,056,000.

The directors say losses have continued into the autumn, but overheads have been reduced by vacating a large part of the group's factory site and concentrating the reduced workforce into a relatively small area of the factory.

They said that conditional planning approval has been obtained for the redevelopment of the major part of the site and a number of major retail groups have expressed interest.

The first-half loss was struck after crediting profits of £2,779 (£1,881) on the disposal of plant and machinery, and short-time working subsidy of £101,199.

(£8,450 temporary employment subsidy). There was a tax charge last time of £813, but none this time.

The interim dividend is again omitted—the last distribution was 1.56p in 1975, followed by a one-for-one scrip issue, from pre-tax profits of £34,347.

For the whole of 1979, there were losses of £12,000. Johnson and Barnes is a subsidiary of Grand Central Investment Holdings and the ultimate holding company is Kuril Plantations Sdn. Berhad (Malaysia).

## S. Sherman suspended

Shares in Samuel Sherman, the loss-making dress company, were suspended at 10p yesterday after the signing of a property deal, valuing the company at £420,000 in the market.

Sherman exchanged contracts on Christmas Eve for the sale of its leasehold interest in its office building in Hanover Square in London's West End for £500,000 in cash, payable in three instalments with the last due in April, 1981.

The board asked for a temporary halt to dealings because of the size of the deal in relation to Sherman's business. Full details, including the name of the purchaser, will be circulated later.

## Ceramics yes to Blue Circle

THE Lebanese owners of nearly 29 per cent of the equity in Armitage Shanks, the sanitary-ware maker, have finally decided to accept a £25m bid from element group Blue Circle Industries.

The decision to accept by Ceramics Investors advised in the UK by Middle East Associates, comes nearly 12 weeks after Blue Circle had a second time for Armitage having had its first attempt checked by a Monopolies Commission investigation.

Blue Circle's offer for Armitage was made conditional early in November. At that time, Blue Circle had gained control of 64 per cent of the Armitage shares, including the 15 per cent which it already owned.

Blue Circle has been told informally of the decision by Ceramics, owned by the Gargour family which has widespread industrial and financial interests.

## CU takeover of British & European

Arrangements have been completed between Commercial Union Assurance and Manchester Ruckerselherungs-Gesellschaft (Munich Re), whereby CU will acquire the 25 per cent stake in British and European Insurance that Munich holds.

The results will become a wholly-owned subsidiary of CU, which will facilitate the consolidation of non-marine reinsurance business in the London market currently written by CU.

The other relationships between Munich Re and CU, which have existed since 1962, will continue unchanged.

## Liggett rises first quarter

PRE-TAX profits of the Liggett Group of the U.S. rose from \$26.5m to \$40.4m for the quarter ended September 30, 1980.

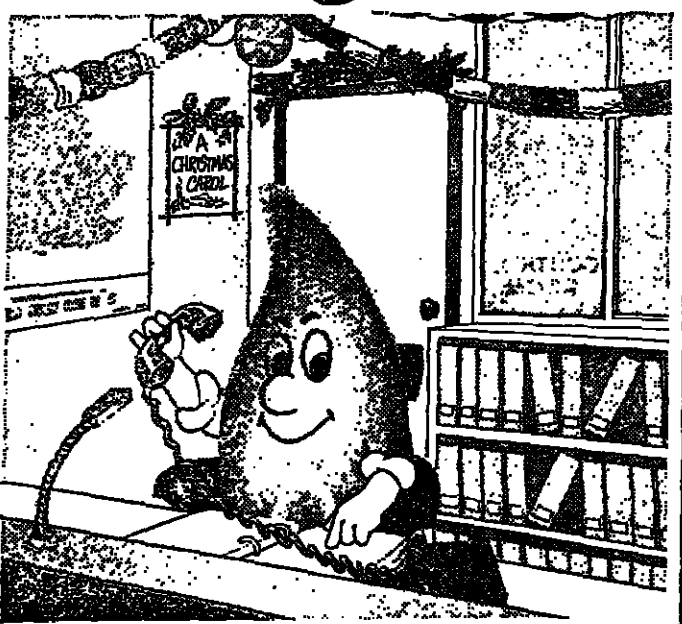
The group, whose results will be incorporated in the Grand Metropolitan consolidated accounts from June 1, 1980, reports net sales of \$287.38m. This compares with \$276.65m for the corresponding quarter of 1979, which included \$12.8m from Austin, Nichols and Co., a wines and spirits subsidiary sold in May, 1980.

Operating income was \$45.26m (\$44.99m). Corporate and other expenses were \$4.57m (\$3.83m), with interest charges less interest received \$290,000 (\$4.15m).

The results will be adjusted before being incorporated into the Grand Metropolitan accounts.

LONDON TRADED OPTIONS (Dec. 29 Total contracts 553)									
Option	Exercise price	Closing price	Vol.	Closing offer	Vol.	Closing offer	Vol.	Equity close	
BP	330	92	102	3	—	—	—	416p	
BP	350	94	100	76	—	—	—	—	
BP	360	96	100	59	4	—	—	—	
BP	420	17	11	36	4	—	—	—	
BP	440	18	12	15	27	—	—	—	
BP	500	2	—	—	—	—	—	—	
BP	180	2	—	—	—	—	—	—	
BP	325	12	—	—	—	—	—	—	
BP	638	2	—	—	—	—	—	—	
Com. Union	50	7 1/2	29	12	16	1	—	140p	
Com. Gold	60	2	—	—	—	—	—	—	
Courtauld	10	2	—	—	—	—	—	—	
Courtauld	10	2	—	—	—	—	—	—	
QED	460	12	1	177	5	95	—	508p	
Land Sec.	360	28	1	35	100	36	—	522p	
Land Sec.	350	7	—	—	—	—	—	—	
Land Sec.	350	31	1	28	3	46	—	567p	
Land Sec.	390	3	25	20	—	—	—	—	
Land Sec.	100	17	1	24	—	—	—	—	
Land Sec.	110	7	30	15 1/2	—	—	—	—	
Land Sec.	120	2	5	9 1/2	6	15	—	—	
Land Sec.	550	1	15	18	20	54	—	470p	
Totals			233	182					
Imperial Oil	70	6	70	7 1/2	40	10 1/2	—	78p	
Imperial Oil	80	5	—	—	—	—	—	—	
Imperial Oil	90	3 1/2	—	—	—	—	—	—	
Imperial Oil	100	3	—	—	—	—	—	—	
Imperial Oil	110	2 1/2	—	—	—	—	—	—	
Imperial Oil	120	2	—	—	—	—	—	—	
Imperial Oil	130	1 1/2	—	—	—	—	—	—	
Imperial Oil	140	1	—	—	—	—	—	—	
Imperial Oil	150	—	—	—	—	—	—	—	
Imperial Oil	160	—	—	—	—	—	—	—	
Imperial Oil	170	—	—	—	—	—	—	—	
Imperial Oil	180	—	—	—	—	—	—	—	
Imperial Oil	190	—	—	—	—	—	—	—	
Imperial Oil	200	—	—	—	—	—	—	—	
Imperial Oil	210	—	—	—	—	—	—	—	
Imperial Oil	220	—	—	—	—	—	—	—	
Imperial Oil	230	—	—	—	—	—	—	—	
Imperial Oil	240	—	—	—	—	—	—	—	
Imperial Oil	250	—	—	—	—	—	—	—	
Imperial Oil	260	—	—	—	—	—	—	—	
Imperial Oil	270	—	—	—	—	—	—	—	
Imperial Oil	280	—	—	—	—	—	—	—	
Imperial Oil	290	—	—	—	—	—	—	—	
Imperial Oil	300	—	—	—	—	—	—	—	

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General Obligation of The Republic of Italy

NOTICE IS HEREBY GIVEN that pursuant to Sections 4 and 6 of the Fiscal Agency Agreement and Sections 5 and 6 of Exhibit A dated January 15, 1971 between Azienda Autonoma Delle Ferrovie Dello Stato, "Issuer," with the intervention of the Minister of the Treasury of the Republic of Italy and Chemical Bank, "Fiscal Agent," the bonds bearing the following serial numbers have been drawn for redemption on February 1, 1981 by operation of the Sinking Fund at the Redemption Price of 100% of the principal amount thereof, together with accrued interest to the date thereof, and that from and after such date fixed for redemption interest thereon will cease to accrue.

13	575	4489	6291	8883	15157	18881	22038	22646	23240	23561	23884	23739	24184	24684
18	388	4242	6470	8810	10543	12380	12286	12362	12490	12496	12496	12496	12496	12496
38	1042	4869	6610	8080	10543	12380	12286	12362	12490	12496	12496	12496	12496	12496
39	1163	4817	6668	8378	10543	12380	12286	12362	12490	12496	12496	12496	12496	12496
127	1354	6231	6988	9651	11021	12380	12286	12362	12490	12496	12496	12496	12496	12496
152	1480	6267	7677	9709	11296	12380	12286	12362	12490	12496	12496	12496	12496	12496
172	1856	6400	7677	9651	11021	12380	12286	12362	12490	12496	12496	12496	12496	12496
213	2004	6833	7677	9904	11635	12380	12286	12362	12490	12496	12496	12496	12496	12496
302	2222	6652	7648	10016	11635	12380	12286	12362	12490	12496	12496	12496	12496	12496
341	2545	6781	8128	10088	11635	12380	12286	12362	12490	12496	12496	12496	12496	12496
395	3849	6770	8313	10088	10772	21458	20406	20596	20496	20496	20496	20496	20496	20496
377	3864	6922	8442	10208	18075	8104	22417	20406	20596	20496	20496	20496	20496	20496
488	4068	6007	8435	10332	18556	21748	22417	20406	20596	20496	20496	20496	20496	20496
509	4022	6197	8795	10425	18633	21848	22590	20418	20544	20544	20544	20544	20544	20544
547	4358	6288	8862	10612	18845	21852	22600	20418	20544	20544	20544	20544	20544	20544

The above numbered bonds will be redeemed at the principal offices of the Fiscal Agent, Chemical Bank in New York City, or at the main offices of Chemical Bank and S. G. Warburg & Co. Limited in London, the main offices of Banca Nazionale del Lavoro in Milan and Rome, the main office of Banque Lambert S.C.S. in Brussels, the main office of Banque Lambert-Luxembourg S.A. in Luxembourg, the main office of First National City Bank in Amsterdam, Frankfurt am Main and Paris, and the main office of Lloyds Bank A.G. in Zurich, upon surrender of such bonds for payment and cancellation.

Dated: December 29, 1980

CHEMICAL BANK, Fiscal Agent

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### HALF-YEAR RESULTS

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	First half 1980	First half 1979
	£000	£000
Sales	7,782	7,136
Trading profit before tax and extraordinary item	314	839
Trading profit after tax and before extraordinary item	157	397
Extraordinary item:		
Special cones of US market	—	105
Group profit after tax	157	292
Earnings per share	2.7p	6.8p

Mr. A. C. B. Chapman, CBE, BSc(Eng), FRSA, Chairman,







## A new opening for the fund raiser

## European operations worry Goodyear

Replacement tyre sales will be lower in comparison with previous years to 1980, will be "more in line" with the tyre industry's car production facilities.

Replacement market sales will reflect "a boost from popular front-wheel-drive cars that wear out tyres faster than those with rear drive."

## GAF plans \$400m assets sale in major reconstruction

## Burlington Northern peak

The company operates nearly 25,000 miles of railroad in 19 States and parts of Canada. A proposed merger with the St. Louis-San Francisco Railway, which the ICC has been delaying pending a judicial verdict.

facility set up by Dresdner was in Eurocurrencies, linking the two markets.

## Inland Steel optimistic on outlook

## ON OUTLOOK

By Our Financial Staff

**STEEL INDUSTRY** shipments in 1981 are expected to reach 90m to 93m tons, up from about 84m this year said Inland Steel, the major Mid-western producer. The company said steel industry operations have rebounded since mid-year to a current rate of 80 per cent of capacity, adding that the recovery has been aided by improved production of consumer durables, construction products and farm equipment and rebuilding of inventories.

# What is the outlook for the Euromarkets?

This year's conference will include two major forums on the financial problems of the developing countries and of newly industrialised countries and delegates will have the opportunity to question the eminent panel of speakers and to exchange views.

## The Euromarkets in 1981

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**A Financial Times Conference**

## Stauffer and Chevron in \$130m deal

### By Our Financial Staff

## markets

By Peter Montagnon

**THE GUY BUTLER** money broking group is to enter the

Trading in the dollar sector continued at a low ebb yesterday.

ing for Electricite de France has been increased to \$100m from \$75m by lead managers Societe Generale.

Deutsche Mark and Swiss franc issues were marked up

**FT INTERNATIONAL BOND SERVICE**

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worden 12½ 85 .....	150	96

[illegible]

**1999-2000**

[illegible]

lips Lamps 54 92 ... 100 98

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Companies  
and Markets

# INTL: COMPANIES & FINANCE

# APPOINTMENTS

## Agache forecasts an end to losses

By David White in Paris

AGACHE-WILLOT, the French retail and textile conglomerate, brought in a net profit of FF 55.6m (\$12.4m) for its parent holding company in an exceptional 15-month financial period ended June 30.

M. Jean-Pierre Willot, chairman and one of the four brothers who between them hold 41.5 per cent of the shares, told the annual meeting of Societe Fonciere et Financiere Agache-Wilrot that all the companies in the group, which two years ago took over the loss-ridden Bousac textile empire, should be in profit in two years' time.

The latest result compares with net earnings of FF 41.2m in the previous 12 months. In the absence of consolidated figures, the holding company has forecast satisfactory results for its current financial year, with a net dividend at least maintained at the FF 22.50 being paid for the extended 1979-80 period.

Bousac Saint-Freres, the subsidiary which brings together the group's industrial interests, is expected to be able to break even thanks to gains from the sale of fixed assets, with an offsetting the cost of restructuring.

Agache-Wilrot, which recently announced plans for 1,800 redundancies in its textile plants, was criticised in a recent report by the Stock Exchange watchdog body, the Commission des Operations de Bourse, for its accounting practices with respect to Bousac Saint-Freres.

M. Willot denied categorically that there was any question of selling off the Christian Dior fashion business which it bought as part of Bousac. Dior increased its profits sharply in 1979-80 thanks largely to sales in the U.S. and Japan.

The retail sector, which accounts for two-thirds of the group's FF 10bn a year turnover, is expected to bring in net earnings of around FF 100m in the current year.

The winding-up of the Korretas chain in the U.S., which Agache-Wilrot bought last year, is due to be completed in three to four months, according to M. Willot. The liquidation would be carried out in "honourable conditions" and all the creditors would be paid, he said. Special provisions of FF 39m had been set aside for the operation.

A recovery plan for the group's Belgian store subsidiary, Galeries Anspach, was meanwhile going ahead.

## Royale Belge takes stake in insurer

By Our Financial Staff

ROYALE BELGE Vie-Accidents, the Belgian insurance group, has taken a majority stake in L'Assurance Leigeeise and plans to make an offer for the outstanding minority company statement said BFRs 41,500 (\$11.6) per share was paid, but gave no further details.

Both Assurance Leigeeise and its subsidiary La Fonciere Leigeeise are to maintain their separate corporate identities. The link with the Royale Belge group is expected to "improve their business".

Royale Belge Vie-Accidents had 1979 turnover of nearly BFRs 28bn. Assurance Leigeeise's turnover last year was BFRs 3.5bn.

## Belgian issue's peak coupon

By Our Financial Staff

THE BELGIAN Government will pay a record coupon on a bond issue to be launched next month in an effort to raise more than BFR 50bn (\$1.58bn).

The Finance Ministry confirmed that the lightest domestic borrowing would carry a 13 per cent coupon for the first four years and an unprecedented 13.25 per cent for the second four years. The selling period begins on January 15 at a price yet to be set.

The previous record coupon for a state funding was 13 per cent on the BFR 30bn road-building borrowing in April, which was priced at 99.5. The same coupon was offered on the second, five-year phase of a BFR 50bn issue in September which had the added bonus of repayment of 101.5 per cent of par at redemption after nine years.

## Israeli banks plan share issues

By L. DANIEL IN TEL AVIV

ISRAELI BANKS, who rank as leading shares on the Tel Aviv stock market, intend to raise something like Sh 1bn (\$150m) over the next few months.

Bank Leumi has already informed the stock exchange that it intends to raise \$1.3bn (\$88.8m) in the form of a one-for-one rights and options issue—the largest flotation ever on the Tel Aviv market.

The Sh 300m issue will bring to Sh 1.3bn the total amount the Leumi group will have raised, within a 12-month period. Of the Sh 1bn already raised, some Sh 800m was raised on the Eurobond market, Sh 150m directly by the bank in Israel,

## Karstadt plans to acquire minority in Neckermann

BY STEWART FLEMING IN FRANKFURT

FACED with a further deterioration in the financial condition of Neckermann, its 51 per cent controlling stores, mail order, and travel agency subsidiary, Karstadt, the largest West German stores group, proposes to write down Neckermann's capital and buy out public shareholders.

Karstadt said yesterday that details of the proposals would be released on January 9. It could not give any indication about the precise impact the plans would have on its own stake in the Neckermann business. Further negotiations involving Karstadt and the company's bankers would take place in the next few days.

Karstadt acquired its 51 per cent stake in Neckermann, one of the best-known names in the German travel business, as a

result of a capital reorganisation in 1976 when the company was already suffering heavy losses.

A capital write-down at the time substantially diluted the Neckermann family shareholding, while the associated recapitalisation gave the company's banks an increased stake. The banks, however, reportedly wrote off an estimated DM 180m (\$92m) in debt. In its last annual report (for 1979) Neckermann reported bank debt of DM 345m.

The new proposals also include a recapitalisation for Neckermann but on what terms and who will subscribe is not being disclosed at this stage. The publicly traded portion of Neckermann's equity has been changing hands at around DM 65 a share recently which

is close to the year's low. Trading was suspended yesterday.

In the past four years Neckermann has been sharply cutting back its business to reduce losses. In 1977 its sales revenues were DM 2,342m and in 1979 they were down to DM 1,460m. Over the same period losses were reduced from DM 135m to DM 26m.

In the past year, however, the recession has hit the retail business. In July Neckermann announced widespread store closures involving a further 29 of its 109 retail outlets.

This rationalisation programme has added to Neckermann's burdens. At the same time a new problem appears to have emerged in the shape of growing losses in its travel agency operation.

## ATI exposes bid code loophole

BY JIM JONES IN JOHANNESBURG

ANGLO-TRANSVAAL Industries (ATI), the South African industrial holding company, plans to take control of the construction and civil engineering group, Grinaker Holdings, without making a general offer to minority shareholders.

The scheme, which has so far come in for only muted criticism in South African business circles against a background of the Christmas holidays, exposes a loophole in the present takeover code on majority bids.

Under present regulations, predator companies have to make a general bid once effective control (50 per cent) has been reached. They have to offer minority holders the highest price paid for shares over the two weeks immediately prior to control being taken.

Globe Engineering, the

marine and chemical engineering company which is 62 per cent-owned by ATI's 75 per cent-owned subsidiary South Atlantic Corporation, has acquired 14.79 per cent of Grinaker's existing 4.94m shares at R10.58 a share.

ATI now proposes, in agreement with the Grinaker family which currently controls Grinaker Holdings through a holding of 19.5 per cent, to sell Grinaker its 64 per cent of National Bolts, and 51 per cent of Claude Neon Lights in exchange for new Grinaker shares.

The shares held by the Grinaker family, ATI, and Globe are then to be transferred to a yet-to-be-formed listed company in exchange for shares in that company. In addition, Globe is to buy sufficient shares through the

Johannesburg stock market, or from certain Grinaker directors, which will be transferred to the new unlisted company giving it a holding slightly in excess of 50 per cent of the enlarged Grinaker. In the process, the new holding company will become a subsidiary of ATI.

None of the parties involved has said how Claude and National Bolts will fit into Grinaker's present operations. The Grinaker family recently fought off a takeover bid by the General Mining group which at one stage held about 25 per cent of Grinaker's ordinary shares.

In the year ended June, 1980 Grinaker earned pre-tax profits of R14.6m (\$19.5m). Over the same period, National Bolts earned R4.8m pre-tax and Claude Neon R3.1m.

## French electronics merger

BY ROBERT MAUTHNER IN PARIS

THE FRENCH state will have a controlling interest in an important new electronics group, with a product range from electrical household goods to sophisticated aircraft and space equipment, to be created out of two existing French companies.

The group will be formed by the transfer next year of the state's 59 per cent holding in the Societe Francaise d'Equipement pour la Navigation Aeriene (SFENA), with 1979 sales

of FF 611m (\$135m) to Crouzet, a private company with a turnover last year of FF 980m. In return, the state will take a blocking minority stake of 34 per cent in Crouzet, a company manufacturing aircraft equipment, automatic distributing machines, and household electrical goods.

The immediate result of this operational merger will be that Crouzet, which already has a 25 per cent stake in SFENA, will acquire control of the latter company, while the state will become the largest single shareholder in Crouzet.

With a joint workforce of 5,000, the partnership of SFENA and Crouzet is expected to be a viable entity in an electronics market dominated by the two French giants, Thomson, and Compagnie Generale d'Electricite (CGE).

As in the case of the other two groups, SFENA and Crouzet will be dependent on the state, which will not only be their most important shareholder, but their biggest client for both military and civil aircraft equipment.

## Malaysian soft drinks group hit by competition

BY WONG SULONG IN KUALA LUMPUR

YEO HIAP SENG Malaysia, the soft drinks manufacturer, has reported a setback in earnings despite healthy growth in sales. However, the company's shares have risen by more than 50 per cent in value in recent weeks, in advance of the bonus and rights issue which was announced together with the results.

Yeo said that for the year ended September, its operating profits fell by 12 per cent to 7.9m ringgit (\$3.55m), although sales rose by 23 per cent to 100m ringgit (\$47m).

Because of fierce competition in the soft drinks market after the entry of several other manufacturers, Yeo was unable to recover increases in costs through the market.

The share of profits from its associated companies also fell

drastically so that its pre-tax earnings for the year were only 8m ringgit, some 23 per cent lower than for 1979.

Despite the setback, the final dividend is maintained at 10 per cent, making an unchanged 17 per cent for the year.

Yeo announced that it was increasing its share capital to 43.7m ringgit through a one-for-two bonus issue and a one-for-two rights issue at 2 ringgit per share. The bonus issue capitalises on 10.9m ringgit from reserves arising from a revaluation of the group's assets.

The rights issue will raise 21.8m ringgit to be used for expansion. Yeo's shares have recently been traded on the Malaysian exchange at around 5.3 ringgit, compared with 3.5 ringgit a few weeks ago.

## Fewer full accounts in France

BY OUR FINANCIAL STAFF

ACCORDING to preliminary figures published by the Paris Bourse Commission, 330 French corporations listed on the Paris Stock Exchange published consolidated results this year, compared with 351 in 1979.

The Commission believes that 481 companies out of more than 800 listed on the Bourse, should have published consolidated reports for 1980.

Although "generally satisfactory," comments accompanying consolidated results could have been more precise in most cases, it says. The commission also notes that 88 French companies, compared with 52 in 1979, published interim consolidated results. The 58 companies account for 91 per cent of the total market capitalisation of the Paris Bourse.

## Bahrain grants nine new banking licences

By Mary-Prings in Bahrain

NINE NEW banking licences were approved by the Bahrain Monetary Agency at their recent board meeting.

Two of the banks licensed as OBU's are already represented in Bahrain. Habib Bank, the oldest and largest bank in Pakistan, has had a commercial branch since 1969, and the major Brazilian bank, Banco do Estado de Sao Paulo (Banesta) opened a representative office in January this year.

The approval of an OBU licence for Kuwaiti Asian Bank, a consortium of Kuwaiti commercial banks, shows that the BMA is prepared to allow new Arab banks to gain a foothold in the offshore market. United Bank of Oman, the fourth OBU, is an established regional bank.

Another new company with mainly Kuwaiti shareholders, is Bahrain Middle East Bank which has been granted an investment banking licence.

Two Japanese banks—bringing the total in Bahrain to 15—are to open representative offices; they are Sanwa Bank and Daiwa Bank. The remaining two representative licences went to Ljubljanska Bank of Yugoslavia and Diners Club of Bahrain.

## Western Canadian Resources Fund Limited

Dividend Notice

Notice is hereby given that a dividend of \$1.85 per share has been declared on the outstanding shares of the Fund, payable December 30, 1980 to shareholders of record at the close of business on December 23, 1980. Holders of Bearer Share Warrants should present Coupon no. 7. The coupon may be presented through any of the paying agents of the Fund: The Toronto-Dominion Bank; The Canada Permanent Trust Company; Banque Internationale à Luxembourg Société Anonyme.

By Order of the Board  
Lorne Johnston  
Secretary-Treasurer

Winnipeg, Manitoba  
December 5, 1980

VONTSEL EUROBOND INDICES  
145.76=100%

PRICE INDEX	30.12.80	23.12.80	10.12.80	23.12.80
DM Bonds	91.77	91.77	91.77	91.77
U.S. \$ Bonds	82.56	82.56	82.56	82.56
U.S. \$ S. Bonds	86.03	86.03	86.03	86.03
Can. Dollar Bonds	87.22	87.22	87.22	87.22

## Matthew Hall structural changes

Mr. Patrick Bye, Mr. Peter Hooley, Mr. J. Iveson and Mr. David King have been appointed divisional directors of MATTHEW HALL AND CO. from January 1. It is proposed that an alteration to the company's articles of association to accommodate a new title of associate director will be put before the next annual meeting.

As a result of restructuring Matthew Hall Group Services, the following appointments also come into effect on January 1: Mr. M. J. Holliday continues as chairman, Mr. R. Bucknall is appointed as managing director in addition to remaining managing director of Quater Hall and Co., Mr. J. P. Burtenshaw is appointed director and production division manager, Mr. K. C. Selman is appointed director and plant division manager, Mr. E. C. Morgan is appointed director and company secretary, Mr. R. D. Stonely continues as director and is also appointed managing director of Matthew Hall Administrative Services, a new subsidiary company, to which Mrs. E. R. M. Bustin is appointed director, Mr.

Bye and Mr. King join the Board as directors and Mr. Morgan is appointed company secretary. Mr. C. H. Fields has been appointed operations director of Matthew Hall Keynes Engineering B.V. in Holland.

Mr. Jeremy R. Caterham has been appointed financial controller and director of AMERICAN INTERNATIONAL WRITERS (LONDON).

Mr. Stanley R. Harding and Mr. A. J. C. Smith have been appointed directors of the CRUSADER INSURANCE COMPANY from January 1. Mr. Myron Du Raine has resigned as a director from the same date.

MIDLAND NEWS ASSOCIATION has made the following appointments from January 1: Mr. Mark Keweenaw, general manager of the Express and Star, becomes managing director and general manager. The general managers of the Shropshire Star and Shropshire Weekly News-papers, Mr. Brian Jackson and Mr. Gilbert Jarvis, are also appointed managing directors of

their companies. Mr. Leslie Stalard, who relinquishes his position as managing director, remains a director of the above companies and also continues as managing director of the Midland News Association, the parent company. He retains his other appointments within associated companies, including his chairmanship of News Shops.

Mr. E. Hugh Norrie has been appointed a director of MOTT, HAY AND ANDERSON INTERNATIONAL.

Mr. P. G. Search and Mr. K. M. Whitaker have been appointed to the Board of BAXTER, FELL AND CO. from January 1.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK has promoted the following to vice president: Mr. Thaddeus T. Bozack Jr., Mr. Thomas B. Ketchum, Mr. David M. Tapley and Mr. Paul D. Wietzel; and the following as assistant vice presidents: Mr. David C. Shannon-Roche, Mr. Chilton Thomson Jr. and Mr. Oliver W. Weson Jr.—all at the bank's London office.

Mr. P. B. Ellwood has been appointed an assistant general manager of BARCLAYCARD.

Mr. Leslie Young has resigned from the Board of the MERSEY DOCKS AND HARBOUR COMPANY owing to increased pressure of other work.

Mr. V. P. Fleming has been appointed chairman of THE TECHNOLOGY INVESTMENT TRUST. He succeeds Mr. W. R. Merion who has retired both as chairman and as a director. Lord Mark Fitzalan Howard has been appointed a director.

Mr. R. G. Stone has been appointed a director of WINCHESTER BOWLING. Mr. P. J. Rand has become assistant director.

Mr. Martin Horwood has been appointed a Vice-President of ZIMCOR (INTERNATIONAL) INC. from January 1.

Mr. Jonathan F. Smith will join the Board of UNOCHROME as director of finance on January 1. He will continue to hold the post of company secretary.

Mr. Gordon Davidson has been appointed to the Board of BRITISH CALEDONIAN AIRWAYS with the new position of marketing director from January 1. He will be responsible

for the airline's system-wide sales and reservations division; for the merchandising and advertising departments; and consumer research. He succeeds Mr. Duncan Hays, who has retired. Captain John Pugh has been confirmed as British Caledonian Airways' flight operations director and will join the Board on January 1.

Mr. John White has been appointed chairman of GUY BUTLER (EUROPE), a new company formed by the Butler Group to participate as brokers in the eurobond market. Mr. Brian Deeble, Mr. Albert Joiner, Mr. David Phippard and Mr. Patrick Chimes have been appointed to the Board. Mr. White becomes chief executive of Guy Butler (Holdings) on January 1.

Mr. D. R. Osborne and Mr. G. Homan-Smith have been appointed to the Board of HARLEY MULLION AND CO., ship-broking subsidiary of Kleinfert, Benson from January 1.

Dr. R. J. Tonks has been appointed managing director of the power transmission division of the FENNER GROUP.

Mr. Nicholas Sharp has been appointed a director of DUNCAN LAWRIE from January 1.

Mr. Peter Hughes has been appointed a director of REED STENHOUSE MARKETING (North American Division), London.

Mr. Lawrence Wing Tai Chui and Mr. A. C. Clapperton have been appointed to the board of JARDINE FLEMING AND CO.

Sir Francis Tombs has been appointed a non-executive director of HOWDEN GROUP from January 1.

Mr. Trevor Nuttall has been appointed director of the YORKSHIRE AND HUMBERSIDE DEVELOPMENT ASSOCIATION from next March.

The Queen has appointed Mr. G. S. Murray commissioner for administration and finance at the FORESTRY COMMISSION in succession to Mr. J. M. Hunter who is retiring, from February 2.

Mr. Nigel M. Chaldecott, director of the NATIONAL COUNCIL OF BUILDING MATERIAL PRODUCERS, has been appointed director-general in succession to Mr. Richard Hermon who has retired.

New Issue

December 1980



Merland Explorations Limited

\$50,000,000

(2,000,000 shares)

\$200 Cumulative Redeemable Convertible First Preferred Shares, Series A

Conversion Provision  
Each Convertible Preferred Share will be convertible at the option of the holder into common shares of the Company at any time on or prior to December 31, 1990 on the following basis: if converted on or before December 31, 1985 at \$120 per share; if converted thereafter at \$125 per share.

Price: \$25 per share to yield 8.00%

These securities having been sold, this advertisement appears as a matter of record only.

Burns Fry Limited	McLeod Young Weir Limited
Merrill Lynch, Royal Securities Limited	Pitfield MacKay Ross Limited
Nesbitt Thomson Securities Limited	A. E. Ames & Co. Limited
Greenshields Incorporated	Midland Doherty Limited
Walwyn Stoddell Cochran Murray Limited	Bell Gouinlock Limited
Bache Halsey Stuart Canada Ltd.	E.H. Deacon, Hodgson Inc.
Geoffrion, Leclerc Inc.	Ogilvy Brown & T.B. Reid Ltd.
Maison Placements Canada Inc.	Peters & Co. Limited

U.S. \$25,000,000

Floating Rate Notes Due 1989

## UNITED OVERSEAS BANK LIMITED

(Incorporated in the Republic of Singapore)



In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 31st December, 1980 to 31st March, 1981, the Notes will carry an Interest Rate of 18 1/4% per annum. The relevant Interest Payment Date will be 31st March, 1981 and the Coupon Amount per U.S. \$1,000 will be U.S. \$46.72.

Credit Suisse First Boston Limited  
Agent Bank







## Companies and Markets

## Scottish milk output down again

By Our Commodities Staff

SCOTTISH MILK production declined again last month. The Scottish Milk Marketing Board, which controls 90 per cent of Scottish milk production, announced yesterday that total production in its area during November totalled 75,430 tonnes, 1.7 per cent less than in November 1979.

The Board noted that while this was a relative improvement on the position in October, November 1979 output had been 7 per cent down on the previous year. "In historical terms total milk production in the Board's area has, therefore, remained at an exceptionally depressed level," it said.

The volume sold for liquid consumption in November was also down 1.7 per cent at 44,146 tonnes. The Board said it believed this decline, which represented a relatively poor performance compared with the previous two months, was partly due to the way weekends fell during the month. There were five Saturdays and five Sundays, it noted, days on which liquid milk sales are usually low.

## Coffee sabotage alleged

GUATEMALA CITY — The Government alleged this week an unidentified aircraft dropped leaves infected with a rust fungus on coffee plantations in the department of Suchitepequez, 150 miles west of the capital. It said the disease had been controlled.

In a special statement condemning the operation, the Government said the action amounted to biological warfare and violated international principles.

There was no indication who dropped the infected leaves from a private aircraft, the Government said.

Meanwhile in London, Robusta futures which had risen by up to £10 in the morning, closed £8 down at £1,094.5 after profit-taking.

## U.S. cotton ginnings

WASHINGTON, Dec. 29 — There were 8.73m bales of 1980-crop upland cotton and 71,458 of American Pima ginned up to December 15, the U.S. Census Bureau has said.

Reuter.

## BRITISH COMMODITY PRICES

## BASE METALS

COPPER — Lost further ground on the London Metal Exchange, reflecting the rise in sterling, forward metal prices at £221 and held steady on the pre-market before easing to £215.5 in the Ring. During the afternoon the market fell after a period of advance with three months finally £212.5 and the contango trading at £20. Turnover: 27,500 tonnes.

LEAD — Quietly steady as good support around the level prior to a close of £50.35 on the last Bar. Turnover: 50 tonnes.

AMALGAMATED METAL TRADING reported that in the morning cash wirebars traded at £796, three months £220, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100, 105, 110, 115, 120, 125, 130, 135, 140, 145, 150, 155, 160, 165, 170, 175, 180, 185, 190, 195, 200, 205, 210, 215, 220, 225, 230, 235, 240, 245, 250, 255, 260, 265, 270, 275, 280, 285, 290, 295, 300, 305, 310, 315, 320, 325, 330, 335, 340, 345, 350, 355, 360, 365, 370, 375, 380, 385, 390, 395, 400, 405, 410, 415, 420, 425, 430, 435, 440, 445, 450, 455, 460, 465, 470, 475, 480, 485, 490, 495, 500, 505, 510, 515, 520, 525, 530, 535, 540, 545, 550, 555, 560, 565, 570, 575, 580, 585, 590, 595, 600, 605, 610, 615, 620, 625, 630, 635, 640, 645, 650, 655, 660, 665, 670, 675, 680, 685, 690, 695, 700, 705, 710, 715, 720, 725, 730, 735, 740, 745, 750, 755, 760, 765, 770, 775, 780, 785, 790, 795, 800, 805, 810, 815, 820, 825, 830, 835, 840, 845, 850, 855, 860, 865, 870, 875, 880, 885, 890, 895, 900, 905, 910, 915, 920, 925, 930, 935, 940, 945, 950, 955, 960, 965, 970, 975, 980, 985, 990, 995, 1000, 1005, 1010, 1015, 1020, 1025, 1030, 1035, 1040, 1045, 1050, 1055, 1060, 1065, 1070, 1075, 1080, 1085, 1090, 1095, 1100, 1105, 1110, 1115, 1120, 1125, 1130, 1135, 1140, 1145, 1150, 1155, 1160, 1165, 1170, 1175, 1180, 1185, 1190, 1195, 1200, 1205, 1210, 1215, 1220, 1225, 1230, 1235, 1240, 1245, 1250, 1255, 1260, 1265, 1270, 1275, 1280, 1285, 1290, 1295, 1300, 1305, 1310, 1315, 1320, 1325, 1330, 1335, 1340, 1345, 1350, 1355, 1360, 1365, 1370, 1375, 1380, 1385, 1390, 1395, 1400, 1405, 1410, 1415, 1420, 1425, 1430, 1435, 1440, 1445, 1450, 1455, 1460, 1465, 1470, 1475, 1480, 1485, 1490, 1495, 1500, 1505, 1510, 1515, 1520, 1525, 1530, 1535, 1540, 1545, 1550, 1555, 1560, 1565, 1570, 1575, 1580, 1585, 1590, 1595, 1600, 1605, 1610, 1615, 1620, 1625, 1630, 1635, 1640, 1645, 1650, 1655, 1660, 1665, 1670, 1675, 1680, 1685, 1690, 1695, 1700, 1705, 1710, 1715, 1720, 1725, 1730, 1735, 1740, 1745, 1750, 1755, 1760, 1765, 1770, 1775, 1780, 1785, 1790, 1795, 1800, 1805, 1810, 1815, 1820, 1825, 1830, 1835, 1840, 1845, 1850, 1855, 1860, 1865, 1870, 1875, 1880, 1885, 1890, 1895, 1900, 1905, 1910, 1915, 1920, 1925, 1930, 1935, 1940, 1945, 1950, 1955, 1960, 1965, 1970, 1975, 1980, 1985, 1990, 1995, 2000, 2005, 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050, 2055, 2060, 2065, 2070, 2075, 2080, 2085, 2090, 2095, 2100, 2105, 2110, 2115, 2120, 2125, 2130, 2135, 2140, 2145, 2150, 2155, 2160, 2165, 2170, 2175, 2180, 2185, 2190, 2195, 2200, 2205, 2210, 2215, 2220, 2225, 2230, 2235, 2240, 2245, 2250, 2255, 2260, 2265, 2270, 2275, 2280, 2285, 2290, 2295, 2300, 2305, 2310, 2315, 2320, 2325, 2330, 2335, 2340, 2345, 2350, 2355, 2360, 2365, 2370, 2375, 2380, 2385, 2390, 2395, 2400, 2405, 2410, 2415, 2420, 2425, 2430, 2435, 2440, 2445, 2450, 2455, 2460, 2465, 2470, 2475, 2480, 2485, 2490, 2495, 2500, 2505, 2510, 2515, 2520, 2525, 2530, 2535, 2540, 2545, 2550, 2555, 2560, 2565, 2570, 2575, 2580, 2585, 2590, 2595, 2600, 2605, 2610, 2615, 2620, 2625, 2630, 2635, 2640, 2645, 2650, 2655, 2660, 2665, 2670, 2675, 2680, 2685, 2690, 2695, 2700, 2705, 2710, 2715, 2720, 2725, 2730, 2735, 2740, 2745, 2750, 2755, 2760, 2765, 2770, 2775, 2780, 2785, 2790, 2795, 2800, 2805, 2810, 2815, 2820, 2825, 2830, 2835, 2840, 2845, 2850, 2855, 2860, 2865, 2870, 2875, 2880, 2885, 2890, 2895, 2900, 2905, 2910, 2915, 2920, 2925, 2930, 2935, 2940, 2945, 2950, 2955, 2960, 2965, 2970, 2975, 2980, 2985, 2990, 2995, 3000, 3005, 3010, 3015, 3020, 3025, 3030, 3035, 3040, 3045, 3050, 3055, 3060, 3065, 3070, 3075, 3080, 3085, 3090, 3095, 3100, 3105, 3110, 3115, 3120, 3125, 3130, 3135, 3140, 3145, 3150, 3155, 3160, 3165, 3170, 3175, 3180, 3185, 3190, 3195, 3200, 3205, 3210, 3215, 3220, 3225, 3230, 3235, 3240, 3245, 3250, 3255, 3260, 3265, 3270, 3275, 3280, 3285, 3290, 3295, 3300, 3305, 3310, 3315, 3320, 3325, 3330, 3335, 3340, 3345, 3350, 3355, 3360, 3365, 3370, 3375, 3380, 3385, 3390, 3395, 3400, 3405, 3410, 3415, 3420, 3425, 3430, 3435, 3440, 3445, 3450, 3455, 3460, 3465, 3470, 3475, 3480, 3485, 3490, 3495, 3500, 3505, 3510, 3515, 3520, 3525, 3530, 3535, 3540, 3545, 3550, 3555, 3560, 3565, 3570, 3575, 3580, 3585, 3590, 3595, 3600, 3605, 3610, 3615, 3620, 3625, 3630, 3635, 3640, 3645, 3650, 3655, 3660, 3665, 3670, 3675, 3680, 3685, 3690, 3695, 3700, 3705, 3710, 3715, 3720, 3725, 3730, 3735, 3740, 3745, 3750, 3755, 3760, 3765, 3770, 3775, 3780, 3785, 3790, 3795, 3800, 3805, 3810, 3815, 3820, 3825, 3830, 3835, 3840, 3845, 3850, 3855, 3860, 3865, 3870, 3875, 3880, 3885, 3890, 3895, 3900, 3905, 3910, 3915, 3920, 3925, 3930, 3935, 3940, 3945, 3950, 3955, 3960, 3965, 3970, 3975, 3980, 3985, 3990, 3995, 4000, 4005, 4010, 4015, 4020, 4025, 4030, 4035, 4040, 4045, 4050, 4055, 4060, 4065, 4070, 4075, 4080, 4085, 4090, 4095, 4100, 4105, 4110, 4115, 4120, 4125, 4130, 4135, 4140, 4145, 4150, 4155, 4160, 4165, 4170, 4175, 4180, 4185, 4190, 4195, 4200, 4205, 4210, 4215, 4220, 4225, 4230, 4235, 4240, 4245, 4250, 4255, 4260, 4265, 4270, 4275, 4280, 4285, 4290, 4295, 4300, 4305, 4310, 4315, 4320, 4325, 4330, 4335, 4340, 4345, 4350, 4355, 4360, 4365, 4370, 4375, 4380, 4385, 4390, 4395, 4400, 4405, 4410, 4415, 4420, 4425, 4430, 4435, 4440, 4445, 4450, 4455, 4460, 4465, 4470, 4475, 4480, 4485, 4490, 4495, 4500, 4505, 4510, 4515, 4520, 4525, 4530, 4535, 4540, 4545, 4550, 4555, 4560, 4565, 4570, 4575, 4580, 4585, 4590, 4595, 4600, 4605, 4610, 4615, 4620, 4625, 4630, 4635, 4640, 4645, 4650, 4655, 4660, 4665, 4670, 4675, 4680, 4685, 4690, 4695, 4700, 4705, 4710, 4715, 4720, 4725, 4730, 4735, 4740, 4745, 4750, 4755, 4760, 4765, 4770, 4775, 4780, 4785, 4790, 4795, 4800, 4805, 4810, 4815, 4820, 4825, 4830, 4835, 4840, 4845, 4850, 4855, 4860, 4865, 4870, 4875, 4880, 4885, 4890, 4895, 4900, 4905, 4910, 4915, 4920, 4925, 4930, 4935, 4940, 4945, 4950, 4955, 4960, 4965, 4970, 4975, 4980, 4985, 4990, 4995, 5000, 5005, 5010, 5015, 5020, 5025, 5030, 5035, 5040, 5045, 5050, 5055, 5060, 5065, 5070, 5075, 5080, 5085, 5090, 5095, 5100, 5105, 5110, 5115, 5120, 5125, 5130, 5135, 5140, 5145, 5150, 5155, 5160, 5165, 5170, 5175, 5180, 5185, 5190, 5195, 5200, 5205, 5210, 5215, 5220, 5225, 5230, 5235, 5240, 5245, 5250, 5255, 5260, 5265, 5270, 5275, 5280, 5285, 5290, 5295, 5300, 5305, 5310, 5315, 5320, 5325, 5330, 5335, 5340, 5345, 5350, 5355, 5360, 5365, 5370, 5375, 5380, 5385, 5390, 5395, 5400, 5405, 5410, 5415, 5420, 5425, 5430, 5435, 5440, 5445, 5450, 5455, 5460, 5465, 5470, 5475, 5480, 5485, 5490, 5495, 5500, 5505, 5510, 5515, 5520, 5525, 5530, 5535, 5540, 5545, 5550, 5555, 5560, 5565, 5570, 5575, 5580, 5585, 5590, 5595, 5600, 5605, 5610, 5615, 5620, 5625, 5630, 5635, 5640, 5645, 5650, 5655, 5660, 5665, 5670, 5675, 5680, 5685, 5690, 5695, 5700, 5705, 5710, 5715, 5720, 5725, 5730, 5735, 5740, 5745, 5750, 5755, 5760, 5765, 5770, 5775, 5780, 5785, 5790, 5795, 5800, 5805, 5810, 5815, 5820, 5825, 5830, 5835, 5840, 5845, 5850, 5855, 5860, 5865, 5870, 5875, 5880, 5885, 5890, 5895, 5900, 5905, 5910, 5915, 5920, 5925, 5930, 5935, 5940, 5945, 5950, 5955, 5960, 5965, 5970, 5975, 5980, 5985, 5990, 5995, 6000, 6005, 6010, 6015, 6020, 6025, 6030, 6035, 6040, 6045, 6050, 6055, 6060, 6065, 6070, 6075, 6080, 6085, 6090, 6095, 6100, 6105, 6110, 6115, 6120, 6125, 6130, 6135, 6140, 6145, 6150, 6155, 6160, 6165, 6170, 6175, 6180, 6185, 6190, 6195, 6200, 6205, 6210, 6215, 6220, 6225, 6230, 6235, 6240, 6245, 6250, 6255, 6260, 6265, 6270, 6275, 6280, 6285, 6290, 6295, 6300, 6305, 6310, 6315, 6320, 6325, 6330, 6335, 6340, 6345, 6350, 6355, 6360, 6365, 6370, 6375, 6380, 6385, 6390, 6395, 6400, 6405, 6410, 6415, 6420, 6425, 6430, 6435, 6440, 6445, 6450, 6455, 6460, 6465, 6470, 6475, 6480, 6485, 6490, 6495, 6500, 6505, 6510, 6515, 6520, 6525, 6530, 6535, 6540, 6545, 6550, 6555, 6560, 6565, 6570, 6575, 6580, 6585, 6590, 6595, 6600, 6605, 6610, 6615, 6620, 6625, 6630, 6635, 6640, 6645, 6650, 6655, 6660, 6665, 6670, 6675, 6680, 6685, 6690, 6695, 6700, 6705, 6710, 6715, 6720, 6725, 6730, 6735, 6740, 6745, 6750, 6755, 6760, 6765, 6770, 6775, 6780, 6785, 6790, 6795, 6800, 6805, 6810, 6815, 6820, 6825, 6830, 6835, 6840, 6845, 6850, 6855, 6860, 6865, 6870, 6875, 6880, 6885, 6890, 6895, 6900, 6905, 6910, 6915, 6920, 6925, 6930, 6935, 6940, 6945, 6950, 6955, 6960, 6965, 6970, 6975, 6980, 6985, 6990, 6995, 7000, 7005, 7010, 7015, 7020, 7025, 7030, 7035, 7040, 7045, 7050, 7055, 7060, 7065, 7070, 7075, 7080, 7085, 7090, 7095, 7100, 7105, 7110, 7115, 7120, 7125, 7130, 7135, 7140, 7145, 7150, 7155, 7160, 7165, 7170, 7175, 7180, 7185, 7190, 7195, 7200, 7205, 7210, 7215, 7220, 7225, 7230, 7235, 7240, 7245, 7250, 7255, 7260, 7265, 7270, 7275, 7280, 7285, 7290, 7295, 7300, 7305, 7310, 7315, 7320, 7325, 7330, 7335, 7340, 7345, 7350, 7355, 7360, 7365, 7370, 7375, 7380, 7385, 7390, 7395, 7400, 7405, 7410, 7415, 7420, 7425, 7430, 7435, 7440, 7445, 7450, 7455, 7460, 7465, 7470, 7475, 7480, 7485, 7490, 7495, 7500, 7505, 7510, 7515, 7520, 7525, 7530, 7535, 7540, 7545, 7550, 7555, 7560, 7565, 7570, 7575, 7580, 7585, 7590, 7595, 7600, 7605, 7610, 7615, 7620, 7625, 7630, 7635, 7640, 7645, 7650, 7655, 7660, 7665, 7670, 7675, 7680, 7685, 7690, 7695, 7700, 7705, 7710, 7715, 7720, 7725, 7730, 7735, 7740, 7745, 7750, 7755, 7760, 7765, 7770, 7775, 7780, 7785, 7790, 7795, 7800, 7805, 7810, 7815, 7820, 7825, 7830, 7835, 7840, 7845, 7850, 7855, 7860, 7865, 7870, 7875, 7880, 7885, 7890, 7895, 7900, 7905, 7910, 7915, 7920, 7925, 7930, 7935, 7940, 7945, 7950, 7955, 7960, 7965, 7970, 7975, 7980, 7985, 7990, 7995, 8000, 8005, 8010, 8015, 8020, 8025, 8030, 8035, 8040, 8045, 8050, 8055, 8060, 8065, 8070, 8075, 8080, 8085, 8090, 8095, 8100, 8105, 8110, 8115, 8120, 8125, 8130, 8135, 8140, 8145, 8150, 8155, 8160, 8165, 8170, 8175, 8180, 8185, 8190, 8195, 8200, 8205, 8210, 8215, 8220, 8225, 8230, 8235, 8240, 8245, 8250, 8255, 8260, 8265, 8270, 8275, 8280, 8285, 8290, 8295, 8300, 8305, 8310, 8315, 8320, 8325, 8330, 8335, 8340, 8345, 8350, 8355, 8360, 8365, 8370, 8375, 8380, 8385, 8390, 8395, 8400, 8405, 8410, 8415, 8420, 8425, 8430, 8435, 8440, 8445, 8450, 8455, 8460, 8465, 8470, 8475, 8480, 8485, 8490, 8495, 8500, 8505, 8510, 8515, 8520, 8525, 8530, 8535, 8540, 8545, 8550, 8555, 8560, 8565, 8570, 8575, 8580, 8585, 8590, 8595, 8600, 8605, 8610, 8615, 8620, 8625, 8630, 8635, 8640, 8645, 8650, 8655, 8660, 8665, 8670, 8675, 8680, 8685, 8690, 8695, 8700, 8705, 8710, 8715, 8720, 8725, 8730, 8735, 8740, 8745, 8750, 8755, 8760, 8765, 8770, 8775, 8780, 8785, 8790, 8795, 8800, 8805, 8810, 8815, 8820, 8825, 8830, 8835, 8840, 8845, 8850, 8855, 8860, 8865, 8870, 8875, 8880, 8885, 8890, 8895, 8900, 8905, 8910, 8915, 8920, 8925, 8930, 8935, 8940, 8945, 8950, 8955, 8960, 8965, 8970, 8975, 8980, 8985, 8990, 8995, 9000, 9005, 9010, 9015, 9020, 9025, 9030, 9035, 9040, 9045, 9050, 9055, 9060, 9065, 9070, 9075, 9080, 9085, 9090, 9095, 9100, 9105, 9110, 9115, 9120, 9125, 9130, 9135, 9140, 9145, 9150, 9155, 9160, 9165, 9170, 9175, 9180, 9185, 9190, 9195, 9200, 9205, 9210, 9215, 9220, 9225, 9230, 9235, 9240, 9245, 9250, 9255, 9260, 9265, 9270, 9275, 9280, 9285, 9290, 9295, 9300, 9305, 9310, 9315, 9320, 9325, 9330, 9335, 9340, 9345, 9350, 9355, 9360, 9365, 9370, 9375, 9380, 9385, 9390, 9395, 9400, 9405, 9410, 9415, 9420, 9425, 9430, 9435, 9440, 9445, 9450, 9455, 9460, 9465, 9470, 9475, 9480, 9485, 9490, 9495, 9500, 9505, 9510, 9515, 9520, 9525, 9530, 9535, 9540, 9545, 9550, 9555, 956



## FINANCIAL TIMES STOCK INDICES

Equity turnover £m.	—	45.87
Equity bargains total	—	7,398
10 am 469.8,	11 am 472.2	
	2 pm 472.9	
	Latest Index	
	*NIL	
Basis 100 Govt Secs. 16/10/26		
Gold Mines 12/9/55.	SE Activity	

	1980		Since C
	High	Low	High
Govt. Secs.	72.54	63.85	127.4

**NEW HIGHS AND**  
The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

**NEW HIGHS (34)**

**BRITISH FUNDS (1)**  
Treas. 31pc

**FOREIGN BONDS (1)**  
Japan 6pc '83-88

**AMERICANS (1)**  
Abbott Labs.

**BANKS (7)**

**Ansbacher (H.)**  
**BUILDINGS (1)**  
**Jones (Edward)**  
**ENGINEERING (1)**  
**Howden Group**  
**FOODS (5)**  
**Avana Group** **Higin & Peacock**  
**Hillside** **Sainsbury (J.)**  
**Northern Foods**  
**INDUSTRIALS (5)**  
**AGR Research** **Hanson Trust**  
**BOC Int.** **Kennedy Smithe**  
**Beecham**  
**LEISURE (2)**  
**Horizon** **Pleasurecraft**  
**NEWCASTLE**

Collins (William A)	Collins (William A)
Rosebaugh	Swire Props.
Reardon Smith	SHIPPING (1)
Dawson Int.	TEXTILES (3)
Hield Brothers	Snia Viscosa
Child Health	TRUSTS (3)
M. & G. Haddings	Mercantile House
Genoa Oil	OIL & GAS (2)
Paterson Zoch's	LASMO 'Ops'
	OVERSEAS TRADERS (2)
	Paterson Zoch, A. N. V.

**TRUST SERVICE**

**Kleinwort Benson Group**  
20, Fenchurch St., EC3

Guernsey Inc. 01-623 8000  
Do. Access 1223 2552  
Do. Access Ltd 1223 2552

K.B. BankGiroPA		US\$24.71		1.62
K.B. Far East Fd.		US\$10.98		1.29
K.B. Int'l. Bd. Fd. Inc.		US\$6.26		9.49
K.B. Int'l. Bd. Fd. Accn.		US\$110.74		9.49
K.B. Int'l. Fund.		US\$17.18		2.04
K.B. Japan Fund.		US\$41.54	+0.78	0.60
K.B. Short Asset Fd.		\$12.04	12.05	-0.06
K.B. U.S. Gov't. Fd.		US\$20.51		1.83
Sigmet Bermuda		US\$7.76	+0.17	1.94
Treasatlantic Fd.		US\$74.42		1.90

**Kredietbank N.V. (Belgium)**

Arenbergstraat 7, B-1000 Brussels  
 Euroinvest NAV ..... | Flx1,106 | +2% -  
 Lazard Brothers & Co. (Jersey) Ltd.  
 P.O. Box 108, St Helier, Jersey, C.I. 0534 37361  
 Laz. Bros. Int. Cap. ....| RUS124 | 13.24 .....| 0.10  
 Lloyds Bk. (C.I.) U/T Mgrs.  
 P.O. Box 195, St Helier, Jersey. 0534 27561  
 Lloyds Tr. O'seas .....| 70.2 | 74.6 .....| 1.59  
     Next dealing Jan. 2.  
 Lloyds Trust Gilt .....| 65.80 | 9.66 .....| 13.00  
     Next dealing December 31

<b>P.O. Box 436, 1211 Geneva 11 (Switzerland)</b>				
Lloyds Int. Growth	US\$71.50	716.50	---	0.50
Lloyds Int. Income	---	285.5	---	6.30
<b>M &amp; G Group</b>				
Three Quays, Tower Hill EC3R 6BX. 01-626 4588				
Atlantic Dec. 30	US\$37.18	7.64	+0.44	---
Aust. Ex. Dec. 31	5.38	9.28	---	---
Gold. Ex. Dec. 31	US\$70.70	5.25	---	7.18
Gold Ex. Exch.	US\$17.41	5.25	---	7.18
Ireland	150.0	165.0	+0.8	4.08
(Accum Units)	252.7	247.6	+1.2	4.08

<b>Management International Ltd.</b>		
Bk. of Bermuda Bldg., Bermuda	809-295-4000	
Bds. Int'l. Bd. P'd. Cap.	US\$10.61	+0.12
Bds. Int'l. Bd. F'd. Inc.	US\$10.73m	+0.11 12.00
Prices Dec. 12. Net dealing Jan. 12.		
<b>Midland Bank Tst. Corp. (Jersey) Ltd.</b>		
228-34, Hill St., St. Helier, Jersey.	0534 36281	
Midland Drayton Ltd. (98.)	98.4	-0.4 12.17
<b>Samuel Montagu Ltd. Agents</b>		
14, Old Broad St., EC2.	01-588 6464	
Apple Dr. Dec. 16	US\$4.42	79.99 2.49

United Fed. 15	US\$2.90	24.28	0.92
117 Group Nov. 28	US\$16.99	18.28	1.83
117 Jersey Fed. 10	1.96	5.63	1.46
117 Jersey Q's Dec. 15	5.69	5.98	3.64
117 Sgs. Res. Dec. 23	\$10.06	18.07	—
<b>Murray, Johnstone (Inv. Advisor)</b>			
1163, Hope St., Glasgow, C2		041-221 5521	
Hope St. 15	US\$44.67	—	—
Murray Fed. Dec. 15	US\$22.96	—	—
Pacific Fed. Nov. 30	US\$5.71	—	—
<b>Nat. Westminster Jersey Fd. Mgrs. Ltd.</b>			
415 La Motte St. St. Heller, Jersey	0534 36241		
High Income Fund	44.6	88.74	12.80

Equity Fund	59.6	62.0	3.29
International Bond	45.6	47.0	10.25
*Sats. day every Thurs.			
<b>Negit S.A.</b>			
10a Boulevard Royal, Luxembourg			
NAV Dec. 19	US\$1.93	-	-
<b>N.E.C. International Ltd.</b>			
P.O. Box 1127, St. Peter Port, Guernsey, G.I.			
sterling Deposit	57.0	59.5	----
sterling Fixed Interest	57.5	59.5	----
sterling Managed	50.7	52.1	----
intl. Fixed Interest	50.3	52.4	----

Man. Managed	PMU	34.4	—
<b>Pacific Basin Fund</b>			
100 Boulevard Royal, Luxembourg			
NAV	US\$2.71	1-001	—
New Adv.: M. & E. Har. Street, Ltd., London			
<b>Phoenix International</b>			
PO Box 77, St. Peter Port, Guern.		0481 26741	
Asian-Dollar Fund	US\$3.10	3.35	—
Far East Fund	US\$3.24	2.41	—
Int. Currency Fund	US\$1.72	1.86	—
Dollar-Fd. Int. Fund	US\$3.22	2.40	—
Over. Exempt Gilt Fd.	£1.40	1.54	—

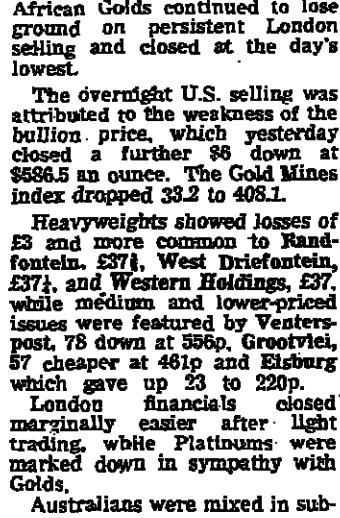
Providence Capital Life Assn. (CCL)			
PO Box 122, St Peter Port, Guernsey	0481 26726/9		
Investing Funds Fd	US\$ 1.1	57.5	
Investing Equity Fd	US\$ 1.1	1.76	
Investing Bond Fd	US\$ 1.1	1.09	
Investing Fd	US\$ 1.1	1.09	
Prices at Dec. 24, first dealing Dec. 31			
Quest Fuzed Mgmtnt. (Jersey) Ltd.			
PO Box 194, St. Helier, Jersey.	0534 27441		
Investing Fd	US\$ 1.1	0.842	13.66
Investing Equity Fd	US\$ 1.1	1.39	2.69
Investing Bond Fd	US\$ 1.1	0.73	11.45
Prices at Dec. 29, first dealing Dec. 31			

Waters/Helmond Commodities  
1-45, Grosvenor Street, EC2V 7LH. 01-6004177  
Resource F.O.I.D. Dec. 18 1991 1:41 -  
Hest dealing Date Jan. 2 1992 1:41 -  
RBC Investment Managers Limited  
P.O. Box 48, St. Peter Port, Guernsey. 0481-23021  
Income Fd., [US\$3.63 18.22] 1:41 -  
Lamson Managers Ltd.  
P.O. Box 1549, Hamilton, Bermuda.  
1-804-291-27979  
LAMINCO Dec. 1 1991 9:29 1:41 -  
Lamson & L.L. Co. Ltd.

Investment Life Ass. Co.		0624 29914
44111 Street, Douglas, I.O.M.		
(S) The Silver Trust	249.4	255.3 -13.3
100, Diamond Bld.	121.6	125.8 -4.2
First City Bond	115.4	125.5 -9.4
Investing Deposits Bld.	24.31	130.87
Atlas Glt. & Com. Fd.	99.8	105.0
K Gilt Fund	107.3	113.0 -2.2
Equity Trust	95.8	100.0
Schroder Asset Management (C.L.)		
0, Box 58, St. Johns Ct., Guernsey.	0481 26331	
C. America Fd. 1	152.75	2.92
Com. Co.	98.0	103.8

C. Conformity	1032.9	102.9	5.01
D. Country	1032.9	102.9	1.46
E. Long Fg. 2-1	1032.9	102.9	—
G. S. P.	1032.9	102.9	—
H. International Reserves Limited	1032.9	102.9	—
I. Finance (Fin.)	1032.9	102.9	—
J. London S	1032.9	102.9	—
K. M. A.	1032.9	102.9	—
L. Switch	1032.9	102.9	—
M. General	1032.9	102.9	—
N. Freight	1032.9	102.9	—
O. Prices on Dec. 12	1032.9	102.9	—
P. Prices on Dec. 22	1032.9	102.9	—
Q. Daily Dealings	1032.9	102.9	—
R. Daily Dealings	1032.9	102.9	—
S. Daily Dealings	1032.9	102.9	—
T. Daily Dealings	1032.9	102.9	—
U. Daily Dealings	1032.9	102.9	—
V. Daily Dealings	1032.9	102.9	—
W. Daily Dealings	1032.9	102.9	—
X. Daily Dealings	1032.9	102.9	—
Y. Daily Dealings	1032.9	102.9	—
Z. Daily Dealings	1032.9	102.9	—

0. Box 664, Bk. of Bermuda Bld., Bermuda  
 Reserve Assets Fd. - N539.11 - 932-019 -  
 increases on Dec. 22. Next trading Dec. 30.



**Bowden Group**, metal braid, was the only company to report a loss of £350,000. In contrast, **Milning Supplies** met selling and gave up 5 to 140p along with **Amanda Strathely** which eased 2 to 87p. **Ratcliffe Industries** held at 63p; the price shown in recent issues was incorrect.

**Food** trended firmer, where **W. J. Sainsbury** continued to respond to demand in a restricted market and added 5 for a two-day gain of 18 to a 1980 peak of 363p. **Sporadic** was noted for **Murphy's** and **Teacraft**, up at 227p and for **Somertex**, 20 higher at 385p.

**Brengreen up**

Dry cleaning and laundry industries attracted a laudable interest among miscellaneous industrialists. Recently the precipit of a **Southeastern** contract for **Brengreen** were particularly favoured and rose 4 to 434p, while **Pritchard Services** put on 24 to 1191p. **Provincial** gained 2 to 39p. Elsewhere, **Central Manufacturing** and **Handy** added a penny 52p. **Boards** selection of **Hansen**

## ACTIVE STOCKS

Stock	Denomina- tion	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
BP	25p	7	416	- 6	502	320
CL	25p	7	70	+ 3	196	83
RL	25p	7	322	+ 2	402	314
Control	25p	6	334	- 8	438	250
Deemham	25p	5	174	+ 1	174	108
Courtaulds	25p	5	55	- 1	87	49
DEC	25p	5	607	+10	618	326
KEN	£1	5	153	+ 2	279	193
London Trust	25p	5	393	+ 7	203	120
CMO	25p	5	585	- 30	585	227
West Drif.	1R	5	237	- 3½	255½	226½
Allied Breweries	25p	4	66½	+ 3	89	65½
Assoc. Comms. A	25p	4	53	+ 3	117	45
OC Int	25p	4	103	+ 3	103	56
ass	25p	4	207	+ 1	243	188

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"RIGHTS" OFFERS									
An un- paid up	Latest Renewal Date		1980		Stock	Offering price per share	+ or -		
	●	■	High	Low					
NH 1	9/1	9/5/1	14	9pm	20pm Brenar Trust	4pm			
NH 1	12/1	12/31	98	9pm	20pm Crotherford Inc.	2pm			
F.P.	2/23	9/17	85	78	5 Midland Allied Press A	81	+1		
F.P.	9/14	9/17	80	5	1 Ederheim Goldbrough* re	81	+1		
F.P.	9/14	9/17	80	5	1 Grochel	81	+1		
F.P.	16/18	14/1	276	285	1 Hampton Gold Mining	275	+ 15		
NH 1	10/1	10/1	71	72	4 Jura Int'l.	70			
F.P.	10/12	9/1	78	81	1 Keane & Scott	77			
F.P.	10/13	4/2	95	85	1 K Industrial	25			
NH 1			95pm	75pm	1 North Valley Mines	95pm			
NH 1	12/15	12/1	11	25	10 LK Industries	11			
F.P.	15/12	22/1	55	91	10 Pritchard Services	115 1/2	+ 1 1/2		
NH 9	9/1	13/8	11pm	11pm	10 Security Centres	11pm			

[illegible]

mer preference holders. **■** Allotment letters (or fully-paid). **●** Provisional or  
thly-paid allotment letters. **★** With warrants. **††** Dealings under special Rule,  
Limited Securities Market. **#** London Listing. **‡** Resulting from debt  
allotment scheme. **‡‡** Units comprising 125 A Ord. & 5 12½% Cum. Pref.

duced trading. The Rundle twins were well supported with Central Pacific 20 ahead at 37 1/2 and Southern Pacific 10 firmer at 15 1/2.

## NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the share index on the New York Stock Exchange yesterday attained new highs and lows for 1980.

NEW HIGHS (34)	
BRITISH FUNDS (1)	
Fraser, 31	79 1/2
FOREIGN BONDS (1)	
Japan Spc 85-1/2	
AMERICANS (1)	
Lebanon Lbs	BANKS (1)
Ambacher (H.)	
Stones (Edward)	BUILDINGS (1)
Ward	
ENGINEERING (1)	
Howard Group	
FOODS (5)	
Swains Group	Herdin & Peacock
Sainsbury (J.J.)	Sainsbury (J.J.)
Northrup	
INDUSTRIALS (4)	
AGS Research	Hanson Trust
McCormick Spc Inc.	Kennedy Senate

LEISURE (2)	
Northon	Packman
NEWSPAPERS (2)	
Collins	William A
PROPERTY (2)	
Osgood	Colmit Prop.
SHIPPING (1)	
Dawson Smith	
TEXTILES (1)	
Woolen Mills	Woolen Mills
BROTHERS (1)	
Llewellyn	
TRUSTS (3)	
Child House	Mercantile House
M. & G. Holding	
OIL & GAS (2)	
Esso Oil	Esso Oil
OVERSEAS TRADERS (2)	

On the other hand, speculative Golds ran into persistent profit taking which left Kieper's cheap at 24 1/2 and Allstate lower at 85 1/2.

## NEW LOWS (12)

MINES (1)	
Pattin N.V.	
AMERICANS (1)	
Chrysler	
BUILDINGS (1)	
Tilbury Contracting	
STORES (2)	
Northern Goods	Sam's Textiles
ENGINEERING (2)	
Serck	
INDUSTRIALS (3)	
Lead Ind.	Na-Swift
Ugofast	
MOTORS (1)	
Woodhead (J.)	
OIL & GAS (1)	
Bronson	
MINES (1)	
West Rand	

## RISES AND FALLS

### YESTERDAY

	Up	Down	Same
British Funds	2	39	5
Corpn's, Dorn. & Foreign Bonds	3	12	4
Industrials	285	49	13
Financials and Pro.	205	18	36
Oils	10	37	2
Plantations	2	2	2
Rhine	18	58	5
Others	27	91	3
<b>Totals</b>	<b>412</b>	<b>407</b>	<b>133</b>

[illegible][illegible][illegible][illegible][illegible]



**AUTHORISED  
UNIT  
TRUSTS**

[illegible]**FT UNIT TRUST INFORMATION SERVICE**[illegible]Property Growth Assur. Co. Ltd.<sup>9</sup>[illegible]

Tyndall Assurance/Pensions Ltd (b)(1)  
15 Canada Road Bristol, 0272 32241

[illegible]

## OFFSHORE & OVERSEAS FUNDS

[illegible]



**FT SHARE INFORMATION SERVICE**

**NIPPON KANGYO KAKUMARU SECURITIES**  
TOKYO, JAPAN

London: Kangyo Kakumaru (Europe) Tel: 638-4871  
Geneva: Kangyo Kakumaru (Swiss) Tel: 361060  
Paris: Tel: 55-5401 • Frankfurt: Tel: 72 08 81

## BRITISH FUNDS

**"Shorts" (Lives up to Five Years)**

Stock	Price	%	Yld	Vol
1000	100.00			
1001	100.00			
1002	100.00			
1003	100.00			
1004	100.00			
1005	100.00			
1006	100.00			
1007	100.00			
1008	100.00			
1009	100.00			
1010	100.00			
1011	100.00			
1012	100.00			
1013	100.00			
1014	100.00			
1015	100.00			
1016	100.00			
1017	100.00			
1018	100.00			
1019	100.00			
1020	100.00			
1021	100.00			
1022	100.00			
1023	100.00			
1024	100.00			
1025	100.00			
1026	100.00			
1027	100.00			
1028	100.00			
1029	100.00			
1030	100.00			
1031	100.00			
1032	100.00			
1033	100.00			
1034	100.00			
1035	100.00			
1036	100.00			
1037	100.00			
1038	100.00			
1039	100.00			
1040	100.00			
1041	100.00			
1042	100.00			
1043	100.00			
1044	100.00			
1045	100.00			
1046	100.00			
1047	100.00			
1048	100.00			
1049	100.00			
1050	100.00			
1051	100.00			
1052	100.00			
1053	100.00			
1054	100.00			
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1056	100.00			
1057	100.00			
1058	100.00			
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1062	100.00			
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1064	100.00			
1065	100.00			
1066	100.00			
1067	100.00			
1068	100.00			
1069	100.00			
1070	100.00			
1071	100.00			
1072	100.00			
1073	100.00			
1074	100.00			
1075	100.00			
1076	100.00			
1077	100.00			
1078	100.00			
1079	100.00			
1080	100.00			
1081	100.00			
1082	100.00			
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1093	100.00			
1094	100.00			
1095	100.00			
1096	100.00			
1097	100.00			
1098	100.00			
1099	100.00			
1100	100.00			
1101	100.00			
1102	100.00			
1103	100.00			
1104	100.00			
1105	100.00			
1106	100.00			
1107	100.00			
1108	100.00			
1109	100.00			
1110	100.00			
1111	100.00			
1112	100.00			
1113	100.00			
1114	100.00			
1115	100.00			
1116	100.00			
1117	100.00			
1118	100.00			
1119	100.00			
1120	100.00			
1121	100.00			
1122	100.00			
1123	100.00			
1124	100.00			
1125	100.00			
1126	100.00			
1127	100.00			
1128	100.00			
1129	100.00			
1130	100.00			
1131	100.00			
1132	100.00			
1133	100.00			
1134	100.00			
1135	100.00			
1136	100.00			
1137	100.00			
1138	100.00			
1139	100.00			
1140	100.00			
1141	100.00			
1142	100.00			
1143	100.00			
1144	100.00			
1145	100.00			
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1166	100.00			
1167	100.00			
1168	100.00			
1169	100.00			
1170	100.00			
1171	100.00			
1172	100.00			
1173	100.00			
1174	100.00			
1175	100.00			
1176	100.00			
1177	100.00			
1178	100.00			
1179	100.00			
1180	100.00			
1181	100.00			
1182	100.00			
1183	100.00			
1184	100.00			
1185	100.00			
1186	100.00			
1187	100.00			
1188	100.00			
1189	100.00			
1190	100.00			
1191	100.00			
1192	100.00			
1193	100.00			
1194	100.00			
1195	100.00			
1196	100.00			
1197	100.00			
1198	100.00			
1199	100.00			
1200	100.00			

## FOREIGN BONDS &amp; RAILS

Stock	Price	%	Yld	Vol
1000	100.00			
1001	100.00			
1002	100.00			
1003	100.00			
1004	100.00			
1005	100.00			
1006	100.00			
1007	100.00			
1008	100.00			
1009	100.00			
1010	100.00			
1011	100.00			
1012	100.00			
1013	100.00			
1014	100.00			
1015	100.00			
1016	100.00			
1017	100.00			
1018	100.00			
1019	100.00			
1020	100.00			
1021	100.00			
1022	100.00			
1023	100.00			
1024	100.00			
1025	100.00			
1026	100.00			
1027	100.00			
1028	100.00			
1029	100.00			
1030	100.00			
1031	100.00			
1032	100.00			
1033	100.00			
1034	100.00			
1035	100.00			
1036	100.00			
1037	100.00			
1038	100.00			
1039	100.00			
1040	100.00			
1041	100.00			
1042	100.00			
1043	100.00			
1044	100.00			
1045	100.00			
1046	100.00			
1047	100.00			
1048	100.00			
1049	100.00			
1050	100.00			
1051	100.00			
1052	100.00			
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1054	100.00			
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1060	100.00			
1061	100.00			
1062	100.00			
1063	100.00			
1064	100.00			
1065	100.00			
1066	100.00			
1067	100.00			
1068	100.00			
1069	100.00			
1070	100.00			
1071	100.00			
1072	100.00			
1073	100.00			
1074	100.00			
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1076	100.00			
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1078	100.00			
1079	100.00			
1080	100.00			
1081	100.00			
1082	100.00			
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1085	100.00			
1086	100.00			
1087	100.00			
1088	100.00			
1089	100.00			
1090	100.00			
1091	100.00			
1092	100.00			
1093	100.00			
1094	100.00			
1095	100.00			
1096	100.00			
1097	100.00			
1098	100.00			
1099	100.00			
1100	100.00			

## AMERICANS

Year	Stock	Price	%	Yld.	Vol.
1959	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1960	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1961	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1962	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1963	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1964	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1965	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1966	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1967	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1968	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1969	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1970	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1971	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1972	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1973	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1974	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1975	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1976	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1977	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1978	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1979	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1980	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1981	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1982	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1983	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1984	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1985	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1986	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1987	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1988	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1989	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1990	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1991	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1992	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1993	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1994	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1995	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1996	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1997	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1998	ASB 1000 5000 1000	277.00	-11%	\$4.00	
1999	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2000	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2001	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2002	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2003	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2004	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2005	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2006	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2007	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2008	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2009	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2010	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2011	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2012	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2013	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2014	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2015	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2016	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2017	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2018	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2019	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2020	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2021	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2022	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2023	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2024	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2025	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2026	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2027	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2028	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2029	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2030	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2031	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2032	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2033	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2034	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2035	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2036	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2037	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2038	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2039	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2040	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2041	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2042	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2043	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2044	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2045	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2046	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2047	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2048	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2049	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2050	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2051	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2052	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2053	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2054	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2055	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2056	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2057	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2058	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2059	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2060	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2061	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2062	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2063	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2064	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2065	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2066	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2067	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2068	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2069	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2070	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2071	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2072	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2073	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2074	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2075	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2076	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2077	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2078	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2079	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2080	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2081	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2082	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2083	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2084	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2085	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2086	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2087	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2088	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2089	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2090	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2091	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2092	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2093	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2094	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2095	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2096	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2097	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2098	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2099	ASB 1000 5000 1000	277.00	-11%	\$4.00	
2100	ASB 1000 5000 1000	277.00	-11%	\$4.00	



INDUSTRIALS—Continued

Stock	Price	%	Div	Yield	PE
Harrogate 20p	43	+1.5	2.2	5.1	14.1
Harrogate 10p	21	+1.5	1.1	5.1	14.1
Harrogate 5p	10	+1.5	0.5	5.1	14.1
Harrogate 2.5p	5	+1.5	0.25	5.1	14.1
Harrogate 1.25p	2	+1.5	0.125	5.1	14.1
Harrogate 0.625p	1	+1.5	0.0625	5.1	14.1
Harrogate 0.3125p	0.5	+1.5	0.03125	5.1	14.1
Harrogate 0.15625p	0.25	+1.5	0.015625	5.1	14.1
Harrogate 0.078125p	0.125	+1.5	0.0078125	5.1	14.1
Harrogate 0.0390625p	0.0625	+1.5	0.00390625	5.1	14.1
Harrogate 0.01953125p	0.03125	+1.5	0.001953125	5.1	14.1
Harrogate 0.009765625p	0.015625	+1.5	0.0009765625	5.1	14.1
Harrogate 0.0048828125p	0.0078125	+1.5	0.00048828125	5.1	14.1
Harrogate 0.00244140625p	0.00390625	+1.5	0.000244140625	5.1	14.1
Harrogate 0.001220703125p	0.001953125	+1.5	0.0001220703125	5.1	14.1
Harrogate 0.0006103515625p	0.0009765625	+1.5	0.00006103515625	5.1	14.1
Harrogate 0.00030517578125p	0.00048828125	+1.5	0.000030517578125	5.1	14.1
Harrogate 0.000152587890625p	0.000244140625	+1.5	0.0000152587890625	5.1	14.1
Harrogate 0.0000762939453125p	0.0001220703125	+1.5	0.00000762939453125	5.1	14.1
Harrogate 0.00003814697265625p	0.00006103515625	+1.5	0.000003814697265625	5.1	14.1
Harrogate 0.000019073486328125p	0.000030517578125	+1.5	0.0000019073486328125	5.1	14.1
Harrogate 0.0000095367431640625p	0.0000152587890625	+1.5	0.00000095367431640625	5.1	14.1
Harrogate 0.00000476837158203125p	0.00000762939453125	+1.5	0.000000476837158203125	5.1	14.1
Harrogate 0.000002384185791015625p	0.000003814697265625	+1.5	0.0000002384185791015625	5.1	14.1
Harrogate 0.0000011920928955078125p	0.0000019073486328125	+1.5	0.00000011920928955078125	5.1	14.1
Harrogate 0.00000059604644775390625p	0.00000095367431640625	+1.5	0.000000059604644775390625	5.1	14.1
Harrogate 0.000000298023223876953125p	0.000000476837158203125	+1.5	0.0000000298023223876953125	5.1	14.1
Harrogate 0.0000001490116119384765625p	0.0000002384185791015625	+1.5	0.00000001490116119384765625	5.1	14.1
Harrogate 0.00000007450580596923828125p	0.00000011920928955078125	+1.5	0.000000007450580596923828125	5.1	14.1
Harrogate 0.000000037252902984619140625p	0.000000059604644775390625	+1.5	0.0000000037252902984619140625	5.1	14.1
Harrogate 0.0000000186264514923095703125p	0.0000000298023223876953125	+1.5	0.00000000186264514923095703125	5.1	14.1
Harrogate 0.00000000931322574615478515625p	0.00000001490116119384765625	+1.5	0.000000000931322574615478515625	5.1	14.1
Harrogate 0.000000004656612873077392578125p	0.000000007450580596923828125	+1.5	0.0000000004656612873077392578125	5.1	14.1
Harrogate 0.0000000023283064365386962890625p	0.0000000037252902984619140625	+1.5	0.00000000023283064365386962890625	5.1	14.1
Harrogate 0.00000000116415321826934814453125p	0.00000000186264514923095703125	+1.5	0.000000000116415321826934814453125	5.1	14.1
Harrogate 0.00000000058207660913467407171875p	0.000000000931322574615478515625	+1.5	0.000000000058207660913467407171875	5.1	14.1
Harrogate 0.000000000291038304567337035859375p	0.0000000004656612873077392578125	+1.5	0.0000000000291038304567337035859375	5.1	14.1
Harrogate 0.0000000001455191522836685179296875p	0.00000000023283064365386962890625	+1.5	0.00000000001455191522836685179296875	5.1	14.1
Harrogate 0.00000000007275957614183425896484375p	0.000000000116415321826934814453125	+1.5	0.000000000007275957614183425896484375	5.1	14.1
Harrogate 0.000000000036379788070917126472421875p	0.000000000058207660913467407171875	+1.5	0.0000000000036379788070917126472421875	5.1	14.1
Harrogate 0.0000000000181898940354585632362109375p	0.0000000000291038304567337035859375	+1.5	0.00000000000181898940354585632362109375	5.1	14.1
Harrogate 0.00000000000909494701772928161810546875p	0.00000000001455191522836685179296875	+1.5	0.000000000000909494701772928161810546875	5.1	14.1
Harrogate 0.000000000004547473508864640809052734375p	0.000000000007275957614183425896484375	+1.5	0.0000000000004547473508864640809052734375	5.1	14.1
Harrogate 0.0000000000022737367544323204045263671875p	0.0000000000036379788070917126472421875	+1.5	0.00000000000022737367544323204045263671875	5.1	14.1
Harrogate 0.00000000000113686837721616020226318359375p	0.00000000000181898940354585632362109375	+1.5	0.000000000000113686837721616020226318359375	5.1	14.1
Harrogate 0.00000000000056843418860801011131591771875p	0.000000000000909494701772928161810546875	+1.5	0.000000000000056843418860801011131591771875	5.1	14.1
Harrogate 0.0000000000002842170943040050556579589375p	0.0000000000004547473508864640809052734375	+1.5	0.00000000000002842170943040050556579589375	5.1	14.1
Harrogate 0.00000000000014210854715200252782879796875p	0.00000000000022737367544323204045263671875	+1.5	0.000000000000014210854715200252782879796875	5.1	14.1
Harrogate 0.000000000000071054273576001263914398984375p	0.000000000000113686837721616020226318359375	+1.5	0.0000000000000071054273576001263914398984375	5.1	14.1
Harrogate 0.000000000000035527136788000631957199946875p	0.000000000000056843418860801011131591771875	+1.5	0.0000000000000035527136788000631957199946875	5.1	14.1
Harrogate 0.000000000000017763568394000315978999734375p	0.00000000000002842170943040050556579589375	+1.5	0.0000000000000017763568394000315978999734375	5.1	14.1
Harrogate 0.0000000000000088817841970001579894998671875p	0.000000000000014210854715200252782879796875	+1.5	0.00000000000000088817841970001579894998671875	5.1	14.1
Harrogate 0.00000000000000444089209850007899474993359375p	0.0000000000000071054273576001263914398984375	+1.5	0.000000000000000444089209850007899474993359375	5.1	14.1
Harrogate 0.000000000000002220446049250039497374966796875p	0.00000000000000444089209850007899474993359375	+1.5	0.0000000000000002220446049250039497374966796875	5.1	14.1
Harrogate 0.0000000000000011102230246250019748688888984375p	0.000000000000002220446049250039497374966796875	+1.5	0.00000000000000011102230246250019748688888984375	5.1	14.1
Harrogate 0.000000000000000555111512312500098743444444921875p	0.0000000000000011102230246250019748688888984375	+1.5	0.000000000000000555111512312500098743444444921875	5.1	14.1
Harrogate 0.00000000000000027755575615625000493721722246875p	0.000000000000000555111512312500098743444444921875	+1.5	0.00000000000000027755575615625000493721722246875	5.1	14.1
Harrogate 0.0000000000000001387778780781250002468608611234375p	0.00000000000000027755575615625000493721722246875	+1.5	0.0000000000000001387778780781250002468608611234375	5.1	14.1
Harrogate 0.000000000000000069388939039062500012343043055671875p	0.0000000000000001387778780781250002468608611234375	+1.5	0.000000000000000069388939039062500012343043055671875	5.1	14.1
Harrogate 0.000000000000000034694469519531250000617152152789375p	0.000000000000000069388939039062500012343043055671875	+1.5	0.000000000000000034694469519531250000617152152789375	5.1	14.1
Harrogate 0.0000000000000000173472347597656250000308576076396875p	0.000000000000000034694469519531250000617152152789375	+1.5	0.0000000000000000173472347597656250000308576076396875	5.1	14.1
Harrogate 0.0000000000000000086736173798828125000015428803803934375p	0.0000000000000000173472347597656250000308576076396875	+1.5	0.0000000000000000086736173798828125000015428803803934375	5.1	14.1
Harrogate 0.000000000000000004336808689941406250000077144019019671875p	0.0000000000000000086736173798828125000015428803803934375	+1.5	0.000000000000000004336808689941406250000077144019019671875	5.1	14.1
Harrogate 0.000000000000000002168404344970703125000003857200950984375p	0.000000000000000004336808689941406250000077144019019671875	+1.5	0.000000000000000002168404344970703125000003857200950984375	5.1	14.1
Harrogate 0.000000000000000001084202172485351562500000192860047549375p	0.000000000000000002168404344970703125000003857200950984375	+1.5	0.000000000000000001084202172485351562500000192860047549375	5.1	14.1
Harrogate 0.00000000000000000054210108624267578125000000964300237746875p	0.000000000000000001084202172485351562500000192860047549375	+1.5	0.00000000000000000054210108624267578125000000964300237746875	5.1	14.1
Harrogate 0.000000000000000000271050543121337890625000004821501188734375p	0.00000000000000000054210108624267578125000000964300237746875	+1.5	0.000000000000000000271050543121337890625000004821501188734375	5.1	14.1
Harrogate 0.00000000000000000013552527156066894531250000024107505943671875p	0.000000000000000000271050543121337890625000004821501188734375	+1.5	0.00000000000000000013552527156066894531250000024107505943671875	5.1	14.1
Harrogate 0.0000000000000000000677626357803344726562500000120537529718359375p	0.00000000000000000013552527156066894531250000024107505943671875	+1.5	0.0000000000000000000677626357803344726562500000120537529718359375	5.1	14.1
Harrogate 0.00000000000000000003388131789016723632812500000060268648859375p	0.0000000000000000000677626357803344726562500000120537529718359375	+1.5	0.00000000000000000003388131789016723632812500000060268648859375	5.1	14.1
Harrogate 0.000000000000000000016940658945083618164062500000301343244296875p	0.00000000000000000003388131789016723632812500000060268648859375	+1.5	0.000000000000000000016940658945083618164062500000301343244296875	5.1	14.1
Harrogate 0.0000000000000000000084703294725418088671875000001506716221484375p	0.000000000000000000016940658945083618164062500000301343244296875	+1.5	0.0000000000000000000084703294725418088671875000001506716221484375	5.1	14.1
Harrogate 0.000000000000000000004235164736270404443437500000075335811072421875p	0.0000000000000000000084703294725418088671875000001506716221484375	+1.5	0.000000000000000000004235164736270404443437500000075335811072421875	5.1	14.1
Harrogate 0.0000000000000000000021175823681352022221875000000376679055362109375p	0.000000000000000000004235164736270404443437500000075335811072421875	+1.5	0.0000000000000000000021175823681352022221875000000376679055362109375	5.1	14.1
Harrogate 0.00000000000000000000105879118406761111109375000000188339527681046875p	0.0000000000000000000021175823681352022221875000000376679055362109375	+1.5	0.00000000000000000000105879118406761111109375000000188339527681046875	5.1	14.1
Harrogate 0.0000000000000000000005293955920338055555468750000000941697638403234375p	0.00000000000000000000105879118406761111109375000000188339527681046875	+1.5	0.0000000000000000000005293955920338055555468750000000941697638403234375	5.1	14.1
Harrogate 0.00000000000000000000026469779601690277777343750000004708488192016171875p	0.0000000000000000000005293955920338055555468750000000941697638403234375	+1.5	0.00000000000000000000026469779601690277777343750000004708488192016171875	5.1	14.1
Harrogate 0.000000000000000000000132348898008451388886718750000023542440960080859375p	0.00000000000000000000026469779601690277777343750000004708488192016171875	+1.5	0.000000000000000000000132348898008451388886718750000023542440960080859375	5.1	14.1
Harrogate 0.0000					



